The Ontario Securities Commission

OSC Bulletin

October 30, 2009

Volume 32, Issue 44

(2009), 32 OSCB

The Ontario Securities Commission administers the
Securities Act of Ontario (R.S.O. 1990, c. S.5) and the
Commodity Futures Act of Ontario (R.S.O. 1990, c. C.20)

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Published under the authority of the Commission by:
Carswell, a Thomson Reuters business
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

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Subscriptions are available from Carswell at the price of $649 per year.

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U.S.	$175
Outside North America	$400

Single issues of the printed Bulletin are available at $20 per copy as long as supplies are available.

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ISSN 0226-9325

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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

OCTOBER 30, 2009

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

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Unless otherwise indicated in the date column, all hearings will take place at the following location:

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
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20 Queen Street West
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David L. Knight, FCA	—	DLK
Patrick J. LeSage	—	PJL
Carol S. Perry	—	CSP
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

November 6, 2009 10:00 a.m.	**Adrian Samuel Leemhuis, Future Growth Group Inc., Future Growth Fund Limited, Future Growth Global Fund Iimited, Future Growth Market Neutral Fund Limited, Future Growth World Fund and ASL Direct Inc.** s. 127(5) K. Daniels in attendance for Staff Panel: DLK
November 11, 2009 12:00 p.m.	**Imagin Diagnostic Centres Inc., Patrick J. Rooney, Cynthia Jordan, Allan McCaffrey, Michael Shumacher, Christopher Smith, Melvyn Harris and Michael Zelyony** s. 127 and 127.1 J. Feasby in attendance for Staff Panel: MGC/MCH
November 13, 2009 10:00 a.m.	**Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang** s. 127 and 127.1 M. Britton in attendance for Staff Panel: DLK
November 16, 2009 10:00 a.m.	**Maple Leaf Investment Fund Corp. and Joe Henry Chau** s. 127 J. Superina in attendance for Staff Panel: DLK

November 16 – December 11, 2009 10:00 a.m.	**Sulja Bros. Building Supplies, Ltd. (Nevada), Sulja Bros. Building Supplies Ltd., Kore International Management Inc., Petar Vucicevich and Andrew DeVries** s. 127 and 127.1 M. Britton in attendance for Staff Panel: DLK/PLK
November 24, 2009 2:30 p.m.	**W.J.N. Holdings Inc., MSI Canada Inc., 360 Degree Financial Services Inc., Dominion Investments Club Inc., Leveragepro Inc., Prosporex Investment Club Inc., Prosporex Investments Inc., Prosporex ltd., Prosporex Inc., Networth Financial Group Inc., Networth Marketing Solutions, Dominion Royal Credit Union, Dominion Royal Financial Inc., Wilton John Neale, Ezra Douse, Albert James, Elnonieth "Noni" James, David Whitely, Carlton Ivanhoe Lewis, Mark Anthony Scott, Sedwick Hill, Trudy Huynh, Dorlan Francis, Vincent Arthur, Christian Yeboah, Azucena Garcia and Angela Curry** s. 127 H. Daley in attendance for Staff Panel: JDC/CSP
November 24, 2009 2:30 p.m.	**Prosporex Investments Inc., Prosporex Forex SPV Trust, Anthony Diamond, Diamond+Diamond, and Diamond+Diamond Merchant Banking Bank** s. 127 H. Daley in attendance for Staff Panel: JDC/CSP
November 25-27, December 21-23, 2009 10:00a.m.	**Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited** s. 127 M. Britton in attendance for Staff Panel: JDC/KJK
November 30, 2009 10:00 a.m.	**Paladin Capital Markets Inc., John David Culp and Claudio Fernando Maya** s. 127 C. Price in attendance for Staff Panel: TBA
November 30, 2009 2:00 p.m.	**Uranium308 Resources Inc., Uranium308 Resources PLC., Michael Friedman, George Schwartz, Peter Robinson, Alan Marsh Shuman and Innovative Gifting Inc.** s. 127 M. Boswell in attendance for Staff Panel: JDC
December 2, 2009 2:00 p.m.	**Paul Iannicca** s. 127 H. Craig in attendance for Staff Panel: TBA
December 9, 2009 10:00 a.m.	**Nest Acquisitions and Mergers and Caroline Frayssignes** s. 127(1) and 127(8) C. Price in attendance for Staff Panel: TBA
December 9, 2009 10:00 a.m.	**IMG International Inc., Investors Marketing Group International Inc., and Michael Smith** s. 127 C. Price in attendance for Staff Panel: TBA
December 10, 2009 10:00 a.m.	**Gold-Quest International, Health and Harmoney, Iain Buchanan and Lisa Buchanan** s. 127 H. Craig in attendance for Staff Panel: TBA

December 10, 2009 10:00 a.m.	**Gold-Quest International, 1725587 Ontario Inc. carrying on business as Health and Harmoney, Harmoney Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale** s. 127 H. Craig in attendance for Staff Panel: TBA
December 11, 2009 9:00 a.m.	**Tulsiani Investments Inc. and Sunil Tulsiani** s. 127 J. Superina in attendance for Staff Panel: JDC
December 16, 2009 9:00 a.m.	**Goldpoint Resources Corporation, Lino Novielli, Brian Moloney, Evanna Tomeli, Robert Black, Richard Wylie and Jack Anderson** s. 127(1) and 127(5) M. Boswell in attendance for Staff Panel: MGC/DLK
January 11, 2010 10:00 a.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 H. Craig in attendance for Staff Panel: TBA
January 12, 2010 10:00 a.m.	**Shallow Oil & Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman** s. 127(7) and 127(8) M. Boswell in attendance for Staff Panel: TBA
January 12, 2010 10:30 a.m.	**Abel Da Silva** s. 127 M. Boswell in attendance for Staff Panel: TBA
January 18, 2010; January 20-29, 2010 10:00 a.m.	**New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc., New Life Capital Strategies Inc., 1660690 Ontario Ltd., L. Jeffrey Pogachar, Paola Lombardi and Alan S. Price** s. 127 S. Kushneryk in attendance for Staff Panel: TBA
January 18, 2010; January 20 – February 1, 2010; February 3-12, 2010 10:00 a.m.	**Borealis International Inc., Synergy Group (2000) Inc., Integrated Business Concepts Inc., Canavista Corporate Services Inc., Canavista Financial Center Inc., Shane Smith, Andrew Lloyd, Paul Lloyd, Vince Villanti, Larry Haliday, Jean Breau, Joy Statham, David Prentice, Len Zielke, John Stephan, Ray Murphy, Alexander Poole, Derek Grigor and Earl Switenky** s. 127 and 127.1 Y. Chisholm in attendance for Staff Panel: TBA
January 19, 2010 February 2, 2010 2:30 p.m.	
January 25-26, 2010 10:00 a.m.	**Lehman Cohort Global Group Inc., Anton Schnedl, Richard Unzer, Alexander Grundmann and Henry Hehlsinger** s. 127 H. Craig in attendance for Staff Panel: TBA
February 5, 2010 10:00 a.m.	**Hillcorp International Services, Hillcorp Wealth Management, Suncorp Holdings, 1621852 Ontario Limited, Steven John Hill, John C. McArthur, Daryl Renneberg and Danny De Melo** s. 127 A. Clark in attendance for Staff Panel: TBA

February 8-12, 2010 10:00 a.m.	**Goldbridge Financial Inc., Wesley Wayne Weber and Shawn C. Lesperance** s. 127 J. Feasby in attendance for Staff Panel: TBA
February 17– March 1, 2010 10:00 .m.	**M P Global Financial Ltd., and Joe Feng Deng** s. 127(1) M. Britton in attendance for Staff Panel: TBA
March 1-8, 2010 10:00 a.m.	**Teodosio Vincent Pangia** s. 127 J. Feasby in attendance for Staff Panel: TBA
March 3, 2010 10:00 a.m.	**Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York** s. 127 S. Horgan in attendance for Staff Panel: TBA
March 10, 2010 10:00 a.m.	**Global Energy Group, Ltd. And New Gold Limited Partnerships** s. 127 H. Craig in attendance for Staff Panel: TBA
April 13, 2010 2:30 p.m.	**Axcess Automation LLC, Axcess Fund Management, LLC, Axcess Fund, L.P., Gordon Alan Driver and David Rutledge** s. 127 M. Adams in attendance for Staff Panel: TBA
May 3-28, 2010 10:00 a.m.	**Sextant Capital Management Inc., Sextant Capital GP Inc., Sextant Strategic Opportunities Hedge Fund L.P., Otto Spork, Robert Levack and Natalie Spork** s. 127 S. Kushneryk in attendance for Staff Panel: TBA
May 31-June 4, 2010 10:00 a.m.	**Lyndz Pharmaceuticals Inc., James Marketing Ltd., Michael Eatch and Rickey McKenzie** s. 127(1) and (5) J. Feasby in attendance for Staff Panel: TBA
TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: TBA
TBA	**Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell** s. 127 J. Waechter in attendance for Staff Panel: TBA
TBA	**Frank Dunn, Douglas Beatty, Michael Gollogly** s. 127 K. Daniels in attendance for Staff Panel: TBA
TBA	**Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: TBA

TBA

Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

Gregory Galanis

s. 127

P. Foy in attendance for Staff

Panel: TBA

TBA

Franklin Danny White, Naveed Ahmad Qureshi, WNBC The World Network Business Club Ltd., MMCL Mind Management Consulting, Capital Reserve Financial Group, and Capital Investments of America

s. 127

C. Price in attendance for Staff

Panel: TBA

TBA

Biovail Corporation, Eugene N. Melnyk, Brian H. Crombie, John R. Miszuk and Kenneth G. Howling

s. 127(1) and 127.1

J. Superina, A. Clark in attendance for Staff

Panel: TBA

TBA

Global Partners Capital, Asia Pacific Energy Inc., 1666475 Ontario Inc. operating as "Asian Pacific Energy", Alex Pidgeon, Kit Ching Pan also known as Christine Pan, Hau Wai Cheung, also known as Peter Cheung, Tony Cheung, Mike Davidson, or Peter McDonald, Gurdip Singh Gahunia also known as Michael Gahunia or Shawn Miller, Basis Marcellinius Toussaint also known as Peter Beckford, and Rafique Jiwani also known as Ralph Jay

s. 127

M. Boswell in attendance for Staff

Panel: TBA

TBA

FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun

s. 127

A. Sonnen in attendance for Staff

Panel: TBA

TBA

Shane Suman and Monie Rahman

s. 127 and 127(1)

C. Price in attendance for Staff

Panel: TBA

TBA

Berkshire Capital Limited, GP Berkshire Capital Limited, Panama Opportunity Fund and Ernest Anderson

s. 127

E. Cole in attendance for Staff

Panel: TBA

TBA

MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric

s. 127 and 127(1)

D. Ferris in attendance for Staff

Panel: TBA

TBA	**Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiaints Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group** s. 127 and 127.1 H. Craig in attendance for Staff Panel: TBA	
TBA	**Barry Landen** s. 127 H. Craig in attendance for Staff Panel: TBA	

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

S. B. McLaughlin

Livent Inc., Garth H. Drabinsky, Myron I. Gottlieb, Gordon Eckstein, Robert Topol

Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg

Maitland Capital Ltd., Allen Grossman, Hanouch Ulfan, Leonard Waddingham, Ron Garner, Gord Valde, Marianne Hyacinthe, Diana Cassidy, Ron Catone, Steven Lanys, Roger McKenzie, Tom Mezinski, William Rouse and Jason Snow

Global Petroleum Strategies, LLC, Petroleum Unlimited, LLC, Aurora Escrow Services, LLC, John Andrew, Vincent Cataldi, Charlotte Chambers, Carl Dylan, James Eulo, Richard Garcia, Troy Gray, Jim Kaufman, Timothy Kaufman, Chris Harris, Morgan Kimmel, Roger A. Kimmel, Jr., Erik Luna, Mitch Malizio, Adam Mills, Jenna Pelusio, Rosemary Salveggi, Stephen J. Shore and Chris Spinler

LandBankers International MX, S.A. De C.V.; Sierra Madre Holdings MX, S.A. De C.V.; L&B LandBanking Trust S.A. De C.V.; Brian J. Wolf Zacarias; Roger Fernando Ayuso Loyo, Alan Hemingway, Kelly Friesen, Sonja A. McAdam, Ed Moore, Kim Moore, Jason Rogers and Dave Urrutia

Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultbee and Peter Y. Atkinson

1.1.2 OSC Staff Notice 91-702 – Offerings of Contracts for Difference and Foreign Exchange Contracts to Investors in Ontario

ONTARIO SECURITIES COMMISSION
STAFF NOTICE 91-702

OFFERINGS OF CONTRACTS FOR DIFFERENCE AND
FOREIGN EXCHANGE CONTRACTS TO INVESTORS IN ONTARIO

I. Purpose

Staff of the Ontario Securities Commission have issued this notice

- to respond to enquiries from issuers, dealers and other market participants requesting a staff position on the applicability of Ontario securities law to offerings of Contracts for Difference (CFDs), foreign exchange contracts (forex or FX contracts), and similar "over-the-counter" derivative products (OTC derivatives) to investors in Ontario;
- to highlight certain investor protection concerns we have with some of these products, particularly where the products are being offered to retail investors by unregistered, offshore entities through the internet; and
- to outline the securities law and other regulatory requirements applicable when offering these products and to indicate circumstances in which staff may be prepared to recommend limited exemptive relief on terms and conditions.

This notice will primarily focus on CFDs. However, the guidance in this notice should also be considered generally in the context of offerings of forex contracts and similar OTC derivatives to investors in Ontario, whether through the internet or otherwise. This notice is not intended to address direct or intermediated trading between institutions. We note that Canadian financial institutions are exempt from the registration requirements under the *Securities Act* (Ontario) (the Act).[1]

II. Interim Nature of Guidance

This notice reflects the views of OSC staff and is intended to provide interim guidance pending the development by the Canadian Securities Administrators (the CSA) of a harmonized CSA approach to the regulation of OTC derivatives and/or the introduction of new or revised derivatives legislation in Ontario. In this regard, CSA staff are closely reviewing a number of developments in this area, including the recent adoption of a new *Derivatives Act* in Québec (the QDA), the recommendations relating to OTC derivatives made in the CFA Advisory Committee's final report,[2] and other developments in jurisdictions outside of Canada.

We anticipate that this notice will be amended or withdrawn if the CSA adopts a harmonized approach to the regulation of OTC derivatives and/or new or revised derivatives legislation is introduced in Ontario and/or federal derivatives legislation is introduced as part of the mandate of a Canadian Securities Commission.

We remind issuers, dealers and other market participants that there may be important differences in the regulatory treatment of CFDs across the CSA and that market participants should review the specific requirements of securities legislation (and, where applicable, commodity futures legislation and derivatives legislation) in these jurisdictions prior to offering CFDs to investors in these jurisdictions.

III. Background

Staff have recently received a number of enquiries from issuers, dealers and other market participants relating to the potential application of Ontario securities law to offerings of CFDs, forex contracts, and similar OTC derivative products to investors in Ontario.

These enquiries have generally focused on the question whether the issuance of a CFD to an investor in Ontario involves a "trade" and a "distribution" in a "security" to that investor for the purposes of Ontario securities law.

As a result of these enquiries, OSC staff, in consultation with staff in the other Canadian jurisdictions and staff of the Investment Industry Regulatory Organization of Canada (IIROC), have conducted a review of the issuance and the distribution of CFDs to

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1 Please refer to section 35.1 of the Act.

2 The CFA Advisory Committee's final report may be found on the website of the Ministry of Government Services of Ontario. See: http://www.gov.on.ca/MGS/en/AbtMin/121808.html.

investors. We have set out below our initial conclusions from this review and our views on the application of Ontario securities law to offerings of CFDs to investors, and particularly retail investors.

We would also like to take this opportunity to highlight some of the investor protection concerns we have with offerings of CFDs to investors in circumstances where such offerings are made without the protections of dealer involvement. We understand that, in some cases, CFDs are being offered to investors directly through the internet rather than through an appropriately registered dealer. In these circumstances, we believe the investor protection concerns with such offerings may be significant.

IV. Discussion

1. What are CFDs?

A CFD is a derivative product that allows an investor to obtain economic exposure (for speculative, investment or hedging purposes) to an underlying asset (the underlying asset), such as a share, index, market sector, currency or commodity, without acquiring ownership of the underlying asset. CFDs are generally cash-settled although in some cases investors may also have the option of requesting physical delivery of the underlying asset.

A CFD typically involves a contract between two parties, a seller and a buyer, that creates payment rights and obligations based on the price movements of the underlying asset. CFDs allow investors to take long or short positions in relation to the underlying asset but, unlike futures contracts, have no fixed expiry date or contract size. For example, a holder of a long contract will benefit from an upward movement in the price of the underlying asset and would receive as payment the difference in price of the underlying asset from the initial contract price to the price at the time the contract is closed (hence a "contract for difference").

CFDs are generally based on a "market maker model" and not the "intermediated trade model". That is to say that the original seller of the CFD is also the only possible buyer for an investor.

CFDs are currently being offered to investors in a number of foreign jurisdictions. CFDs are also being offered to investors, including retail investors, in Canada through internet platforms being operated by CFD providers.

For more information about CFDs, please refer to the IIROC position paper "Regulatory Analysis of Contracts for Differences (CFDs)" (the IIROC Position Paper).[3]

2. Investor protection concerns

CFDs are a relatively new product in Canada which raise a variety of investor protection concerns, including concerns relating to:

- complexity of the product and the offering model;
- use of margin or leverage;
- in the case of certain offerings, highly promotional and potentially misleading selling materials;
- lack of product suitability determination;
- in some cases, lack of available information relating to the underlying asset;
- potential volatility of the underlying asset (for example, currency fluctuations);
- embedded fees and lack of price transparency; and
- counterparty risk (including risks associated with the counterparty being situated out of jurisdiction).

In some cases, CFDs are being offered to investors directly through the internet by unregistered dealers rather than through a registered dealer. To the extent CFDs are being offered without the protections of dealer involvement, we believe these investor protection concerns may be significant.

[3] The IIROC Position Paper is available on the IIROC website. http://docs.iiroc.ca/DisplayDocument.aspx?DocumentID=CF983987B0A449C881DFCF5EDC640E99&Language=en

Members of the CSA have previously highlighted some of the risks associated with forex contracts in a number of publications.[4]

V. Application of Ontario securities law

In view of the investor protection concerns and enquiries related to the application of securities laws to CFDs, we have considered the question of whether the issuance of a CFD to an investor in Ontario involves a "trade" and a "distribution" in a "security" to that investor for the purposes of Ontario securities law.

Staff's view is that CFDs, when offered to investors in Ontario, engage the purposes of the Act and constitute "investment contracts" and "securities" for the purposes of Ontario securities law. In our view, CFDs are also "derivatives"[5] for the purposes of Ontario securities law.

In arriving at this conclusion, we have considered the decision of the Supreme Court of Canada in *Pacific Coast Coin Exchange v. Ontario (Securities Commission)*[6] and the various judicial and administrative decisions that have been issued subsequent to that case.[7]

We believe there are a number of important parallels between the facts of the *Pacific Coast* case and the current trend towards offerings of CFDs to investors through the internet. These parallels include the fact that the products involve contracts that are marketed as a form of investment, the contracts involve similar forms of underlying interest, the contracts make extensive use of margin in order to magnify profits and losses, and there is significant reliance by the investor on the CFD provider to act as a counterparty, design and operate the internet platforms, and hedge risk appropriately in order to ensure the CFD provider is able to satisfy its payment and performance obligations.

We note further that the *Pacific Coast* line of cases emphasizes the need to consider the economic realities of the transaction and to focus on the substance rather than the form of a transaction.

It is important to note that the case law generally endorses a purposive interpretation of "security" that would include considering the objective of investor protection. In view of the investor protection concerns we have identified with offerings of CFDs, and the regulatory protections provided by the Act, we believe a purposive interpretation of "security" leads to the conclusion that such offerings involve a trade and a distribution of a security.

CFDs may also be securities under one or more alternative branches of the definition of "security" or may be a "security" that is not covered by the non-exclusive list of enumerated categories of securities.

VI. Implications of conclusion for market participants

Since we consider CFDs to be securities under the Act, we are of the view that CFD providers that wish to offer CFDs to investors in Ontario, absent statutory exemptions or exemptive relief, are required to comply with the registration and prospectus requirements of Ontario securities law. Additional details regarding certain of the registration and prospectus requirements are set out below.

It should also be noted that investors may also have civil remedies against CFD providers that fail to comply with Ontario securities law, including a right to withdraw from the transaction and/or damages for losses, on the grounds that such transactions were conducted in breach of securities law.

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[4] See, for example,

- Ontario Securities Commission News Release dated August 15, 2004 – "*If you're playing the FOREX market, make sure you can handle the risk*"
- British Columbia Securities Commission Investor Alert dated April 19, 2007 "*InvestorWatch: FOREX*"
- British Columbia Securities Commission News Release dated November 6, 2003- "*Securities watchdog says be wary of foreign currency trading*"

See also the investor awareness publication issued by the Australian Securities and Investments Commission "*Contracts for difference: complex and high risk?*" available at

http://www.fido.asic.gov.au/fido/fido.nsf/byid/2B97220FCC6D5BB6CA2571EF007C9751?opendocument

[5] See section 1.1 of the Act and the definition of "derivative" in subsection 1.1(3) of OSC Rule 14-501 *Definitions*.

[6] [1978] 2 S.C.R. 112.

[7] For an overview of cases that have considered the "investment contract" branch of the definition of "security", please see the decision and reasons *In the Matter of Universal Settlements International Inc.* dated September 29, 2006 (former Vice-Chair Paul Moore and Commissioners Harold Hands and Wendell Wigle) and the decisions cited therein.

1. Registration Requirement

General. Any person or company that acts as a dealer or adviser with respect to securities must register under the Act as either a dealer or adviser, respectively. As such, engaging in or holding oneself out as engaging in the business of trading or advising with respect to CFDs triggers the dealer and adviser registration requirements in the Act.

With respect to institutional and very high net worth investors, it should be noted that National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103) provides international dealers and advisers with an exemption from the registration requirements in the Act.[8] These exemptions are only available in limited circumstances, including, trading with or advising "permitted clients"[9].

Dealer Registration. Where the trade of a CFD is with a retail investor, the appropriate dealer category of registration is "investment dealer". The investment dealer category of registration requires, among other things, IIROC membership.

Where a person or company is in the business of trading in securities to "accredited investors"[10], the dealer category of registration most often used is exempt market dealer (EMD). However, NI 31-103 prohibits any registrant that is not an IIROC member from lending money, extending credit or providing margin to a client. We believe that the investor protection concerns are greatest where the CFD provider is not a member of IIROC and is not complying with IIROC rules, including rules relating to proficiency, capital adequacy and margin requirements. Accordingly, given the use of margin, the appropriate category of registration for a dealer who trades CFDs is the investment dealer category, which requires IIROC membership, regardless of whether such trades are made to retail investors or accredited investors.

Margin. IIROC has prescribed minimum margin rates for CFDs that are significantly higher (i.e., more restrictive) than the rates offered by many unregistered CFD providers. As a result of the lower margin rates offered by unregistered CFD providers, investors who purchase CFDs through these entities are able to take significantly larger positions and become significantly more exposed to gains and losses based on movement in the price of the underlying asset.

We have been advised that IIROC staff are currently reviewing the margin rates it has prescribed for certain over-the-counter derivative products, including CFDs and spot forex contracts, and may propose rules prescribing higher minimum margin rates for such products in the future. Any such rule proposals would be subject to the ordinary public notice and comment process and regulatory approval process for rules by a self-regulatory organization.

KYC and Suitability. Know your client (KYC) due diligence and suitability determinations are essential elements of the investor protection regime imposed through the registration requirement.[11] KYC and *initial* suitability determination – whether access to the CFD trading platform is appropriate for a given client – must be performed by CFD providers. However, we appreciate the difficulty in reviewing individual trades for suitability, given that these are internet platforms analogous to day trading platforms or discount brokerage accounts. IIROC rules[12] exempt member firms that provide execution-only services such as discount brokerage from the obligation to determine whether each *trade* is suitable for the client. However, IIROC has also communicated the following expectations for any member proposing to sell CFDs or forex contracts:[13]

- applicable risk disclosure documents and client suitability waivers provided must be in a form acceptable to IIROC;
- the firm's policies and procedures, amongst other things, should assess the depth of investment knowledge and trading experience of the client before an account is approved to be opened;
- the relationship and responsibilities, including conflicts of interest between the issuer and broker/dealer should be fully disclosed to the client and acknowledged in writing; and
- cumulative loss limits for each client's account should be established.

For more information about IIROC's requirements and views relating to CFDs and similar products, including requirements and views relating to proficiency of salespeople, please refer to the IIROC Position Paper and contact information for IIROC staff in the Paper.

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8 Please refer to sections 8.18 and 8.26 of NI 31-103.

9 "Permitted client" is defined in section 1.1 and 8.26 of NI 31-103.

10 As defined in section 1.1 of National instrument 45-106 – *Prospectus and Registration Exemptions*.

11 Please refer to sections 13.2 and 13. 3 of NI 31-103 and CSA Staff Notice 33-315 – *Suitability Obligation and Know Your Product*.

12 Please refer to Rule 3200 of IIROC's Dealer Member Rules.

13 Please refer to page 22 of the IIROC Position Paper.

2. Prospectus Requirement – Applications by investment dealers for exemptive relief

In view of our conclusion that the issuance of a CFD to an investor in Ontario involves a distribution of a security to that investor for the purposes of Ontario securities law, we take the view that the issuer of such product must, absent exemptive relief, comply with the prospectus requirements of Ontario securities law.

We acknowledge that the prospectus requirement may not be well-suited to offerings of certain types of OTC derivative products, including CFDs and forex contracts, to investors and that modified requirements, focused on ensuring appropriate transparency as to the nature of the product and investor risk, imposed as terms and conditions of an exemptive relief order exempting an issuer from the prospectus requirement, may be better suited for these products. However, OSC staff will consider exemption applications on a case-by-case basis.

OSC staff may be prepared to recommend relief from the prospectus requirement in section 53 of the Act that would otherwise apply to a "distribution" of a CFD to an investor in Ontario provided that:

- the distribution is made through a registrant that is in compliance with its terms of registration under the Act and with the rules and expectations of IIROC applicable to such transaction (including minimum margin rates acceptable to IIROC)
- prior to entering into the CFD transaction, the investor is provided with a risk disclosure statement that clearly explains, in plain language, the product and the risks associated with an investment in the product
- in circumstances where the CFD counterparty is a separate entity from the registrant, and is not itself a registrant and member of IIROC, the counterparty is subject to meaningful capital adequacy requirements in its home jurisdiction that are reasonably comparable to the requirements applicable to investment dealers in Canada and the investor is provided with meaningful financial disclosure about the counterparty that is acceptable to staff and that allows the investor to make a meaningful assessment as to the ability of the CFD counterparty to satisfy its performance and payment obligations
- the requested relief includes a sunset provision that provides that the relief will expire on or shortly after the earlier of the introduction of legislation or a rule governing the issuance of CFDs to investors and four years from the date of the order

We expect this exemptive relief to apply only to offerings of CFDs to investors in Ontario. Market participants seeking to offer such products to investors in other jurisdictions in Canada should consult with the appropriate regulatory authorities in these other jurisdictions.

3. Insider reporting of CFD transactions.

Staff wish to take this opportunity to remind market participants that the insider reporting obligations contained in Part XXI of the *Securities Act* (Ontario) and related rules, including Multilateral Instrument 55-103 *Insider Reporting of Certain Derivative Transactions (Equity Monetization)* (MI 55-103),[14] will generally require an insider of a reporting issuer to file insider reports about transactions in CFDs that involve, directly or indirectly, securities of the insider's reporting issuer in a similar manner to transactions in other securities of the insider's reporting issuer.

4. Insider trading involving CFDs

Similarly, we wish to take this opportunity to remind insiders and other persons in a special relationship with a reporting issuer (collectively, special relationship persons) that the prohibitions on trading and tipping contained in Ontario securities law will generally apply to transactions in CFDs that involve, directly or indirectly, securities of the special relationship person's reporting issuer in a similar manner to transactions in other securities of the insider's reporting issuer.

For more information relating to the CSA's views on the insider trading and tipping prohibitions, please refer to National Policy 51-201 *Disclosure Standards*.

VII. Questions

If you have any questions in relation to this Notice, please contact any of the following:

[14] In December 2008, the CSA published proposed NI 55-104 *Insider Reporting Requirements and Exemptions* (NI 55-104) for comment. Proposed NI 55-104 will, if adopted, repeal and replace MI 55-103.

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October 27, 2009

1.1.3 Notice of Commission Approval – Material Amendments to CDS Procedures – DTC Direct Link Services and New York Link Services

CDS CLEARING AND DEPOSITORY SERVICES INC.

MATERIAL AMENDMENTS TO CDS PROCEDURES

DTC DIRECT LINK AND NEW YORK LINK SERVICES

NOTICE OF COMMISSION APPROVAL

In accordance with the Rule Protocol between the Ontario Securities Commission (Commission) and CDS Clearing and Depository Services Inc. (CDS), the Commission approved on October 23, 2009, amendments filed by CDS to its procedures to the New York Link (NYL) and DTC Direct Link (DDL) services to meet expanded collateral requirements as a result of changes introduced by the National Securities Clearing Corporation. A copy and description of these amendments were published for comment on August 14, 2009 at (2009) 32 OSCB 6432 and additional changes necessitated a second publication for comment on September 18, 2009 at (2009) 32 OSCB 7395. No comments were received.

1.2 Notices of Hearing

1.2.1 Stanko Joseph Grmovsek and Gil I. Cornblum – ss. 127 and 127.1

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
STANKO JOSEPH GRMOVSEK AND
GIL I. CORNBLUM

NOTICE OF HEARING
(Section 127 and 127.1)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") held a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), at the offices of the Commission located at 20 Queen Street West, Toronto, 17th Floor, on October 26, 2009 at 9:00 am;

AND TAKE NOTICE that the purpose of the hearing was for the Commission to consider whether it was in the public interest to approve the settlement agreements entered into between Staff of the Commission and each of the Respondents;

AND TAKE NOTICE that the purpose of the hearing was for the Commission to consider whether it was in the public interest to make an order:

a) pursuant to clause 2 of section 127(1), that trading in any securities by the Respondents cease permanently or for such period as is specified by the Commission;

b) pursuant to clause 2.1 of section 127(1), that the acquisition of any securities by the Respondents is prohibited permanently or for such period as is specified by the Commission;

c) pursuant to clause 3 of section 127(1), that any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Commission;

d) pursuant to clause 8 of section 127(1), that the Respondents be prohibited permanently from becoming or acting as a director or officer of an issuer or for such period as is specified by the Commission;

e) pursuant to clause 8.2 of section 127(1), that the Respondents be prohibited permanently from becoming or acting as a director or officer of a registrant or for such period as is specified by the Commission;

f) pursuant to clause 8.4 of section 127(1), that the Respondents be prohibited permanently from becoming or acting as a director or officer of an investment fund manager or for such period as is specified by the Commission;

g) pursuant to clause 8.5 of section 127(1), that the Respondents be prohibited permanently from becoming a registrant, investment fund manager or promoter or for such period as is specified by the Commission;

h) pursuant to clause 10 of section 127(1), that the Respondents disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law; and

i) pursuant to section 127.1 that the Respondents pay the costs of the investigation.

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission dated October 23, 2009 and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel, if that party attends or submits evidence at the hearing;

AND TAKE FURTHER NOTICE that upon the failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party, and such party is not entitled to any further notice of the proceeding.

DATED at Toronto this 23rd day of October, 2009.

"John Stevenson"
Secretary to the Commission

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
STANKO JOSEPH GRMOVSEK AND
GIL I. CORNBLUM

STATEMENT OF ALLEGATIONS
OF STAFF OF THE
ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission (the "Commission") make the following allegations:

I. OVERVIEW

1. Gil I. Cornblum ("Cornblum") and Stanko Joseph Grmovsek ("Grmovsek") collectively (the "Respondents") engaged in an illegal insider trading scheme over the course of a 14 year period from 1994-2008 (the "Relevant Period"). Although the scheme operated throughout the Relevant Period, the trading generally occurred in two time periods: September 1996 to August 2000 and May 2004 to April 2008.

2. Shortly after completing law school in 1994, the Respondents commenced operating the scheme in which Cornblum would seek out and obtain material, non-public information concerning pending corporate transactions that he would communicate to Grmovsek, for sole the purpose of facilitating the execution of trades in securities of those corporate transactions by Grmovsek for a profit.

3. The Respondents' scheme contemplated an equal distribution of the illicit trading profits between Grmovsek and Cornblum at some future date.

4. At all times during the Relevant Period, Cornblum sought out and became possessed of material, non-public information in his capacity as a lawyer.

5. Throughout the Relevant Period, Grmovsek directed the illegal trading in brokerage accounts located in: (i) the Bahamas under corporate names; (ii) Ontario under variations of his own name and a Grmovsek Family Trust account; and (iii) Ontario which were in the names of family and friends but over which he obtained trading authorization.

6. Throughout the Relevant Period, the Respondents engaged in a course of conduct to disguise their illegal activity and avoid detection from regulatory authorities and law enforcement. This conduct included, but was not limited to:

(i) using numerous brokerage accounts opened in corporate names in the Bahamas;

(ii) using only verbal trading instructions for brokerage accounts located in the Bahamas;

(iii) maintaining the illicit trading profits in a number of brokerage accounts opened in corporate names in the Bahamas and the Grand Cayman Islands;

(iv) developing and participating in covert methods of repatriating illicit profits into Canada;

(v) engaging in trading patterns with respect to the securities so as to minimize the possibility of detection; and

(vi) extensive use of pay telephones and calling cards to facilitate communication of material, non-public information and discuss potential trading strategies integral to the scheme.

7. In total, Cornblum tipped Grmovsek of material, non-public information and Grmovsek traded while in possession of that material, non-public information in advance of news releases related to forty-six (46) corporate transactions involving securities publicly listed in Canada and the United States. In some cases the securities were cross-listed in both countries.

8. Collectively, the illegal insider trading yielded profits of approximately $9,000,000 USD. The majority of the profits were generated by trades exchanges located in the United States.

II. THE RESPONDENTS

9. Cornblum is a resident of Toronto, Ontario and during the Relevant Period was an articling student or practicing lawyer and was a member of the Law Society of Upper Canada and the New York State Bar. During the Relevant Period, Cornblum worked at a number of law firms, including by not limited to: Sullivan & Cromwell, LLP, New York; Schulte Roth & Zabel, LLP, New York; and Dorsey, Whitney, LLP, Toronto (the "Law Firms").

10. Commencing in 2001, Cornblum was an associate lawyer and subsequently a partner in the Mergers & Acquisitions/Corporate Practice Groups at Dorsey & Whitney, LLP. In April 2008, as a result of regulatory investigations into alleged illegal insider trading, Cornblum was terminated from Dorsey & Whitney, LLP.

11. Grmovsek was a resident of Woodbridge, Ontario during the Relevant Period. Grmovsek articled in Ontario was called to the bar in 1995 and practiced as a securities lawyer and was a member of the Law Society of Upper Canada until May 1, 1997 when he ceased practicing law and engaged in the illegal insider trading scheme full-time.

12. The Respondents met and became friends in law school and remained close personal friends thereafter. Throughout the Relevant Period, the Respondents were in regular and frequent contact.

13. The Respondents have never been registered in any capacity with the Commission.

III. TIPPING

14. During the Relevant Period, Cornblum actively sought out and acquired material, non-public information about potential corporate transactions through his role as an articling student or as a lawyer at the Law Firms.

15. The information was primarily obtained in one of five ways:

(i) as counsel to issuers on pending corporate transactions;

(ii) through conversations with colleagues/other counsel on potential corporate transactions;

(iii) communications with external counsel conducting conflict checks regarding potential corporate transactions;

(iv) using temporary passwords for night-time secretarial staff to conduct searches on computer databases at the Law Firms for material, non-public information related to pending transactions for which he did not personally serve as counsel; and

(v) early morning searches through the hallways, photocopy rooms, fax machines and files of colleagues at the Law Firms for documents revealing material, non-public information related to pending transactions for which he did not personally serve as counsel.

16. Cornblum acquired material, non-public information involving all of the following corporate transactions and pursuant to subsections 76(5)(b) and (e) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") Cornblum became a person in a special relationship with the reporting issuers (the "Reporting Issuers") involved in the following corporate transactions (the "Corporate Transactions")[1]:

(a) acquisition of Office Depot by Staples, announced September 4, 1996 (NYSE);

(b) acquisition of Great Western Financial Corp. by H.F. Ahmanson & Company, announced February 17, 1998 (NYSE);

(c) acquisition of North American Mortgage Company by Dime Bancorp Inc., announced June 23, 1997 (NYSE);

(d) acquisition of Equitable of Iowa Companies by ING Groep N.V., announced July 8, 1997 (NYSE);

(e) acquisition of Nellcor Puritan Bennett Inc. by Mallinckrodt Inc., announced July 23, 1997 (NASDAQ);

(f) acquisition of Corestates Financial Corp. by First Union Corporation, announced November 18, 1997 (NYSE);

(g) acquisition of Piper Jaffray Companies Inc. by U.S. Bancorp, announced December 15, 1997 (NYSE);

[1] The exchange(s) on which the "target" issuer was publicly listed at the time of the transaction, is enclosed in brackets following each transaction.

(h) acquisition of Money Store Inc. by First Union Corporation, announced March 4, 1998 (NYSE);

(i) acquisition of Alumax Inc. by Alcoa Inc., announced March 9, 1998 (TSX/NYSE);

(j) acquisition of H.F. Ahmanson & Company by Washington Mutual Inc., announced March 17, 1998 (NYSE);

(k) acquisition of Beneficial Company by Household International Inc. announced April 7, 1998 (NYSE);

(l) acquisition of Ameritech Corporation by SBC Communications Inc., announced May 11, 1998 (NYSE);

(m) acquisition of Humana Inc. by United HealthGroup Inc., announced May 28, 1998 (NYSE);

(n) acquisition of Ciena Corporation by Tellabs Inc., announced June 3, 1998 (NASDAQ);

(o) acquisition of Wells Fargo & Company by Norwest Corporation, announced June 8, 1998 (NYSE);

(p) acquisition of Newcourt Credit by CIT announced on March 8, 1999 (TSX/NYSE);

(q) acquisition of Smallworldwide by GE Power Systems, announced August 17, 2000 (NASDAQ);

(r) acquisition of Wheaton River Minerals Ltd. by Goldcorp Inc., announced May 28, 2004 (TSX/AMEX);

(s) buy-back of Yamana Gold Inc. warrants by Yamana Gold Inc., announced June 17, 2005 (TSX/NYSE);

(t) merger of Star Point Energy Trust and Acclaim Energy Trust, announced September 19, 2005 (TSX/AMEX);

(u) acquisition of Virginia Gold Mines by Goldcorp Inc., announced December 5, 2005 (TSX/NYSE);

(v) acquisition of RNC Gold by Yamana Gold Inc., announced December 4, 2005 (TSX/NYSE);

(w) acquisition of Desert Sun Mining Inc. by Yamana Gold Inc., announced February 22, 2006 (TSX/NYSE);

(x) acquisition of Weda Bay by Eramet SA, announced March 15, 2006 (TSX);

(y) acquisition of Mexgold Resources Inc. by Gammon Lake, announced May 29, 2006 (TSX/AMEX);

(z) acquisition of Viceroy Exploration Ltd. by Yamana Gold Inc., announced August 16, 2006 (TSX/NYSE);

(aa) merger of Goldcorp Inc. and Glamis Gold Ltd., announced August 31, 2006 (TSX/NYSE);

(bb) merger of IAMGOLD Corporation and Cambior Inc., announced September 14, 2006 (TSX/AMEX);

(cc) merger of Denison Mines Corp. and International Uranium Corporation, announced September 18, 2006 (TSX/AMEX);

(dd) Goldcorp Inc. sale of shares in Wheaton River Minerals Ltd., announced December 7, 2006 (TSX/AMEX);

(ee) merger of Direct General Corporation and Fremont Partners and Texas Pacific Group, announced December 5, 2006 (NASDAQ);

(ff) Eldorado Gold Corporation potential merger with Centerra Gold Corporation, announced February 16, 2007 (TSX/AMEX);

(gg) acquisition of Gateway Casinos Income Fund by New World Gaming Partners Ltd., announced April 4, 2007 (TSX);

(hh) acquisition proposal of Liquor Barn Income Fund by Liquor Stores Income Fund, announced April 10, 2007 (TSX-V);

(ii) resource restatement by Blue Pearl Mining Ltd., announced April 16, 2007 (TSX/NYSE);

(jj) acquisition of Palmarejo Silver by Coeur d'Alene Mines, announced May 3, 2007 (TSX-V);

(kk) acquisition of Energy Metals Corporation by Uranium One Inc., announced June 4, 2007 (TSX/NSYE);

(ll) acquisition of Peru Copper, Inc. by Aluminum Corporation of China Ltd., announced June 14, 2007 (TSX/AMEX);

(mm) acquisition of Meridian Gold Inc. by Yamana Gold Inc. and Northern Orion Resources Inc., announced June 27, 2007 (TSX/NYSE);

(nn) acquisition of Meridian Gold Inc. by Yamana Gold Inc., announced August 14, 2007 (TSX/NYSE);

(oo) acquisition of Miramar Mining Corporation by Newmont Mining Corporation, announced October 9, 2007 (TSX/NYSE);

(pp) acquisition of Arizona Star by Barrick Gold Corporation, announced October 29, 2007 (TSX-V/NYSE);

(qq) settlement discussions between NovaGold Resources and Barrick Gold Corporation, announced November 8, 2007 (TSX/NYSE/AMEX);

(rr) acquisition of A.S.V., Inc. by Terex Corporation, announced January 13, 2008 (NASDAQ);

(ss) acquisition of Possis Medical, Inc. by MEDRAD, Inc., announced February 11, 2008 (NASDAQ); and

(tt) acquisition of WP Stewart by Arrow Capital Management, announced May 21, 2008 (NYSE).

17. Cornblum owed a fiduciary duty and a strict duty of confidentiality and loyalty to the clients of the Law Firms. Pursuant to subsection 76(2) of the Act, Cornblum was also prohibited from tipping others with material information related to any of the Reporting Issuers prior to that information had been generally disclosed.

18. For each of the Corporate Transactions, Cornblum informed Grmovsek of material information related to the Reporting Issuers prior to that information having been generally disclosed. For each of the Corporate Transactions, the material, non-public information was the pending merger or acquisition transaction.

19. Cornblum understood and intended that Grmovsek would execute trades based on this material, non-public information and expected to, and did, share in the profits of the resulting trades.

20. In certain instances, Cornblum would provide instructions to Grmovsek regarding the nature and quantum of proposed trading in certain securities, in an effort to avoid detection by regulatory authorities.

IV. INSIDER TRADING

21. Throughout the Relevant Period, Grmovsek obtained material information related to the pending Corporate Transactions from Cornblum prior to the information having been generally disclosed. Grmovsek knew that Cornblum obtained the information in his capacity as a lawyer and that Cornblum stood in a special relationship to each of the Reporting Issuers.

22. By virtue of subsection 76(5)(e) of the Act, Grmovsek became a person in a special relationship with each of the Reporting Issuers and was accordingly prohibited from trading securities of the Reporting Issuers while in possession of material non-public information involving those Reporting Issuers.

23. From 1994 to 2008, with knowledge of material, non-public information supplied by Cornblum, Grmovsek traded securities in advance of forty-six (46) corporate transactions, detailed as the Corporate Transactions in paragraph 16 above, contrary to subsection 76(1) of the Act.

24. Throughout the Relevant Period, Grmovsek traded the securities using brokerage accounts in Ontario established in variations of his own name and a Grmovsek Family Trust account as well as brokerage accounts located in the Bahamas in corporate names. Grmovsek also traded through the following brokerage accounts in Ontario belonging to family and friends over which he obtained trading authorization (the “Family and Friends Accounts”). The account-holders of the Family and Friends Accounts were not aware of the illegal insider trading scheme, nor were they aware that Grmovsek was trading securities on their behalf while in possession of material, non-public information. Some of the account-holders of the Friends and Family Accounts paid Grmovsek a percentage of the profits generated by the illegal trading.

Account Holder	Relationship to Grmovsek
Stan J. Grmovsek, S. Joseph Grmovsek, Stan Grmovsek, Joseph S. Grmovsek, Grmovsek Family Trust	Himself
Joseph and Paula Grmovsek	Parents
Marian Grmovsek-Gatzos and Alexander Gatzos	Sister and Brother-in-Law
Chantal Bernard	Former Spouse
George and Vangie Gatzos	Parents of Alexander Gatzos
Christopher Gatzopoulos	Brother of Alexander Gatzos
Julio DiGirolamo	Personal Friend
Alba DiGirolamo	Spouse of Julio DiGirolamo
Peter Kelly	Friend and Former Neighbour

25. Following the public announcement, the securities of the Reporting Issuers and the securities of the Issuers involved in the Corporate Transactions often increased dramatically in value. Shortly thereafter, Grmovsek sold most of the securities to realize a profit and obtained an unrealized profit for the remaining securities which he held, for a total gross profit over the Relevant Period of approximately $9,000,000 USD.

26. The illicit profits were largely held in off-shore accounts. In late 1999, Cornblum and Grmovsek each repatriated $600,000 CDN of illicit trading profits from a brokerage account in the Bahamas that was used to purchase their respective matrimonial homes in the Greater Toronto Area. In early 2000, Cornblum received $2,700,000 CDN in illicit trading profits from a brokerage account in the Bahamas that was subsequently transferred to a brokerage account under a corporate name in the Grand Cayman Islands.

V. CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST

27. By informing Grmovsek of material, non-public information related to the Reporting Issuers involved in the Corporate Transactions, prior to that information being generally disclosed, Cornblum engaged in unlawful tipping, contrary subsection 76(2) of the Act, and engaged in conduct contrary to the public interest.

28. By informing Grmovsek of material, non-public information related to the issuers involved in the Corporate Transactions prior to that information being generally disclosed, Cornblum engaged in conduct contrary to the public interest.

29. By trading securities of the Reporting Issuers with knowledge of material information obtained from Cornblum that had not generally been disclosed, Grmovsek engaged in illegal insider trading, contrary to subsection 76(1) of the Act, and engaged in conduct contrary to the public interest.

30. By trading securities of the Issuers involved in the Corporate Transactions with knowledge of material information obtained from Cornblum that had not generally been disclosed, Grmovsek engaged conduct contrary to the public interest.

31. Such additional allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 23rd day of October, 2009.

1.3 News Releases

1.3.1 OSC Staff Provide Guidance for Contracts for Difference and Forex Contracts

FOR IMMEDIATE RELEASE
October 27, 2009

OSC STAFF PROVIDE GUIDANCE FOR CONTRACTS FOR DIFFERENCE AND FOREX CONTRACTS

TORONTO – Staff of the Ontario Securities Commission (OSC) today issued Staff Notice 91-702 *Offerings of Contracts for Difference and Foreign Exchange Contracts to Investors in Ontario*, which outlines Staff's view on the applicability of securities law and other regulatory requirements to offerings of Contracts for Difference (CFDs), foreign exchange (forex) contracts and other similar products in Ontario.

A CFD is a product that allows an investor to obtain economic exposure to an asset, such as a share, index, currency or commodity, without acquiring ownership of the asset. Similarly, a forex contract is a product that allows investors to obtain economic exposure to different currencies without acquiring ownership of the currencies.

CFDs and forex contracts are increasingly being offered to investors directly through the internet. As a result of their increasing availability, OSC Staff conducted a review of these products in consultation with Staff from other members of the Canadian Securities Administrators (CSA) and Staff of the Investment Industry Regulatory Organization of Canada (IIROC).

"We are issuing this guidance to respond to enquiries from issuers and dealers about the applicability of Ontario securities law to these products," said Margo Paul, Director of Corporate Finance at the OSC. "We also want to highlight some of the investor protection concerns we have with these products, particularly where they are being offered to investors by offshore entities through the internet and without the protections of a registered dealer."

OSC Staff have concluded that these products, when offered to investors in Ontario, constitute "securities" for the purposes of Ontario securities law. The Notice makes clear that the guidance in the Notice is focused on offerings of these products to investors and is not intended to address direct or intermediated trading in these products between institutions.

As a result of this conclusion, Staff are of the view that, unless exemptive relief is granted, these products are subject to securities law and other regulatory requirements, including registration and prospectus requirements.

Issuers, dealers and other market participants are reminded there may be important differences in the regulatory treatment of CFDs, forex contracts and similar products across the CSA. Sellers should therefore review the specific requirements of securities legislation (and, where applicable, commodity futures legislation and derivatives legislation) before offering CFDs to investors.

Staff Notice 91-702 *Offerings of Contracts for Difference and Foreign Exchange Contracts to Investors in Ontario* is available in the Securities Law & Instruments section of the OSC website, www.osc.gov.on.ca.

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Carolyn Shaw-Rimmington
Assistant Manager,
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416-593-2361

For investor inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4 Notices from the Office of the Secretary

1.4.1 Irwin Boock et al.

FOR IMMEDIATE RELEASE
October 22, 2009

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
IRWIN BOOCK, STANTON DEFREITAS,
JASON WONG, SAUDIA ALLIE,
ALENA DUBINSKY, ALEX KHODJIAINTS,
SELECT AMERICAN TRANSFER CO.,
LEASESMART, INC.,
ADVANCED GROWING SYSTEMS, INC.,
INTERNATIONAL ENERGY LTD.,
NUTRIONE CORPORATION,
POCKETOP CORPORATION,
ASIA TELECOM LTD., PHARM CONTROL LTD.,
CAMBRIDGE RESOURCES CORPORATION,
COMPUSHARE TRANSFER CORPORATION,
FEDERATED PURCHASER, INC.,
TCC INDUSTRIES, INC.,
FIRST NATIONAL ENTERTAINMENT CORPORATION,
WGI HOLDINGS, INC. and ENERBRITE
TECHNOLOGIES GROUP

TORONTO – Following a hearing held on October 21, 2009, the Commission issued an Order approving the Settlement Agreement reached between Staff of the Commission and NutriOne Corporation.

A copy of the Order dated October 21, 2009 and Settlement Agreement dated October 21, 2009 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.2 Oversea Chinese Fund Limited Partnership et al.

FOR IMMEDIATE RELEASE
October 23, 2009

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
OVERSEA CHINESE FUND LIMITED PARTNERSHIP,
WEIZHEN TANG AND ASSOCIATES INC.,
WEIZHEN TANG CORP. AND WEIZHEN TANG

TORONTO – The Commission issued an Order which provides that (1) that the Temporary Order is extended until November 16, 2009; and (2) the Hearing in this matter is adjourned to November 13, 2009 at 10:00 a.m. or as soon thereafter as the hearing can be held.

A copy of the Order dated October 22, 2009 is available at **www.osc.gov.on.ca**.

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1.4.3 Barry Landen

FOR IMMEDIATE RELEASE
October 26, 2009

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
BARRY LANDEN

TORONTO – The Commission issued an order today which provides that the hearing currently scheduled for October 29, 2009 is adjourned to November 10, 2009 at 2:30 p.m. or such other date as is agreed by the parties and determined by the Office of the Secretary for the purpose of having a pre-hearing conference.

A copy of the Order dated October 26, 2009 is available at **www.osc.gov.on.ca**.

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JOHN P. STEVENSON
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416-593-8314
1-877-785-1555 (Toll Free)

1.4.4 Stanko Joseph Grmovsek and Gil I. Cornblum

FOR IMMEDIATE RELEASE
October 27, 2009

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
STANKO JOSEPH GRMOVSEK AND
GIL I. CORNBLUM

TORONTO – The Commission issued an Order approving the Settlement Agreement reached between Staff of the Commission and Stanko Joseph Grmovsek.

A copy of the Notice of Hearing dated October 23, 2009, Staff's Statement of Allegations dated October 23, 2009, Order dated October 26, 2009 and Settlement Agreement dated October 25, 2009 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
Director, Communications
& Public Affairs
416-593-8120

Carolyn Shaw-Rimmington
Assistant Manager,
Public Affairs
416-593-2361

For investor inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.5 Independent Financial Brokers of Canada v. Ontario Securities Commission and Mutual Fund Dealers Association of Canada

FOR IMMEDIATE RELEASE
October 28, 2009

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
THE MUTUAL FUND DEALERS ASSOCIATION
OF CANADA BY-LAW NO. 1

AND

INDEPENDENT FINANCIAL BROKERS OF CANADA

AND

STAFF OF THE
ONTARIO SECURITIES COMMISSION AND
STAFF OF THE
MUTUAL FUND DEALERS ASSOCIATION OF CANADA

TORONTO – The Commission issued the Reasons and Decision in the above named matter.

A copy of the Reasons and Decision dated October 27, 2009 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 U3O8 Corp.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – decision exempting the Filer from the requirement in s. 3.1 of NI 52-107 that financial statements be prepared in accordance with Canadian GAAP for so long as the Filer prepares its financial statements in accordance with IFRS-IASB – for financial periods beginning on or after January 1, 2010 – Filer must provide specified disclosure regarding change to IFRS-IASB – if the Filer files interim financial statements prepared in accordance with Canadian GAAP in the year that the Filer adopts IFRS-IASB, those interim financial statements must be restated using IFRS-IASB – Filer wishes to change to IFRS-IASB to reduce costs and enhance efficiencies with respect to the financial preparation process.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency, s. 3.1.

October 21, 2009

IN THE MATTER OF
THE SECURITIES LEGISLATION OF ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
U3O8 CORP.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the Filer from the requirement in section 3.1 of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (**NI 52-107**) that financial statements be prepared in accordance with Canadian GAAP for financial periods beginning on and after January 1, 2010 (the **Exemption Sought**), for so long as the Filer prepares the financial statements in accordance with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (IASB) (**IFRS-IASB**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

1. the Ontario Securities Commission is the principal regulator for this application, and

2. the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the **Passport Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. the Filer is a corporation incorporated under the laws of Ontario on December 6, 2005; the registered and head office of the Filer is located at 8 King Street East, Suite 710, Toronto, Ontario M5C 1B5;

2. the Filer is a reporting issuer in the Jurisdiction and the Passport Jurisdictions. The Filer is not (to its knowledge) in default of its reporting issuer obligations under the Legislation or the securities legislation of the Passport Jurisdictions;

3. the Filer's securities are listed on the TSX Venture Exchange;

4. the Filer is a junior natural resource corporation currently focused on uranium exploration in the Roraima Basin in Guyana, South America;

5. the Canadian Accounting Standards Board has confirmed that publicly accountable enterprises will be required to prepare their financial statements in accordance with IFRS-IASB for

financial statements relating to fiscal years beginning on or after January 1, 2011;

6. NI 52-107 sets out acceptable accounting principles for financial reporting under the Legislation by domestic issuers, foreign issuers, registrants and other market participants. Under NI 52-107, a domestic issuer must use Canadian GAAP. Under NI 52-107, only foreign issuers may use IFRS-IASB;

7. in CSA Staff Notice 52-321 *Early Adoption of International Financial Reporting Standards, Use of US GAAP and Reference to IFRS-IASB*, staff of the Canadian Securities Administrators recognized that some issuers may wish to prepare their financial statements in accordance with IFRS-IASB for periods beginning prior to January 1, 2011 and indicated that staff were prepared to recommend exemptive relief on a case by case basis to permit a domestic issuer to do so, despite section 3.1 of NI 52-107;

8. subject to obtaining the Exemption Sought, the Filer intends to adopt IFRS-IASB for its financial statements for periods beginning on and after January 1, 2010;

9. the Filer's financial year is the last day of December in each calendar year;

10. the Filer believes that the early adoption of IFRS-IASB will allow it greater access to consultants to assist with the conversion to IFRS-IASB, which the Filer believes will reduce costs and enhance efficiencies with respect to the Filer's financial statement preparation process;

11. the Board of Directors of the Filer (the **Board**) approved early adoption of IFRS-IASB on August 27, 2009 with effect from January 1, 2010, subject to the Filer obtaining the Exemption Sought;

12. the Filer has carefully assessed the readiness of its staff, Board, audit committee, auditors, investors and other market participants for the adoption by the Filer of IFRS-IASB for financial periods beginning on or after January 1, 2010 and has concluded that all parties will be adequately prepared for the Filer's adoption of IFRS-IASB for periods beginning on or after January 1, 2010;

13. the Filer has considered the implications of early adopting IFRS-IASB on its obligations under securities legislation including, but not limited to, those relating to CEO and CFO certifications, business acquisition reports, offering documents, and previously released material forward looking information; and

14. the Filer will disseminate a news release not more than seven days after the date of this decision document disclosing relevant information about its conversion to IFRS-IASB as contemplated by CSA Staff Notice 52-320 *Disclosure of Expected Changes in Accounting Policies Relating to Changeover to International Financial Reporting Standards*, including:

    (a) the key elements and timing of its conversion plan to adopt IFRS-IASB;

    (b) the exemptions available under IFRS 1 *First-time Adoption of International Financial Reporting Standards* that the Filer expects to apply in preparing financial statements in accordance with IFRS-IASB;

    (c) the major identified differences between the Filer's current accounting policies and those the Filer is required or expects to apply in preparing financial statements in accordance with IFRS-IASB; and

    (d) the impact of adopting IFRS-IASB on the key line items in the Filer's interim financial statements for the period ended June 30, 2009;

15. the Filer will update the information set out in the news release in its subsequent management's discussion and analysis, including, to the extent the Filer has quantified such information, quantitative information regarding the impact of adopting IFRS-IASB on the key line items in the Filer's financial statements.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted, subject to the following conditions:

(a) provided that and only for so long as the Filer prepares its financial statements for financial periods beginning on or after January 1, 2010 in accordance with IFRS-IASB;

(b) provided that the Filer provides all of the communication as described and in the manner set out in paragraphs 14 and 15;

(c) provided that if the Filer files interim financial statements prepared in accordance with Canadian GAAP in the year that the Filer adopts IFRS-IASB, upon the adoption of IFRS-IASB the Filer will restate any previous interim statements for the financial year in which it adopted IFRS-IASB that were originally prepared using Canadian GAAP together with the related restated interim management's discussion and analysis as well as

the certificates required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*; and

(d) provided that if the Filer files its first IFRS-IASB financial statements in an interim period, those interim financial statements will present all financial statements with equal prominence, including the opening statement of financial position at the date of transition to IFRS-IASB.

"Michael Brown"
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.2 Optimal Geomatics Inc. – s. 1(10)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer deemed to no longer be a reporting issuer under securities legislation.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10).

October 26, 2009

Optimal Geomatics Inc.
7687 Bath Road
Mississauga, Ontario L4T 3T1

Dear Sirs/Mesdames:

Re: Optimal Geomatics Inc. (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan and Manitoba (the Jurisdictions) that the Applicant is not a reporting issuer

The Applicant has applied to the local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions for a decision under the securities legislation (the Legislation) of the Jurisdictions that the Applicant is not a reporting issuer.

As the Applicant has represented to the Decision Makers that:

(a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;

(b) no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

(d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is not a reporting issuer.

"Jo-Anne Matear"
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.3 Addax Petroleum Corporation – s. 1(10)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for an order that the issuer is not a reporting issuer.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10).

October 26, 2009

Stikeman Elliott LLP
4300 Bankers Hall West
888 - 3 Street SW
Calgary, AB T2P 5C5

Attention: Veronica W. Tang

Dear Madam:

Re: Addax Petroleum Corporation (the Applicant) - Application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador (the Jurisdictions) that the Applicant is not a reporting issuer

The Applicant has applied to the local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions for a decision under the securities legislation (the **Legislation**) of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

(a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;

(b) no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

(d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have ceased to be a reporting issuer and that the Applicant's status as a reporting issuer is revoked.

"Blaine Young"
Associate Director, Corporate Finance
Alberta Securities Commission

2.1.4 Orvana Minerals Asturias Corp.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for an order that the issuer is not a reporting issuer – issuer has no publicly held securities – issuer did not provide the British Columbia Securities Commission with a notice of surrender of its reporting issuer status due to the applicable waiting period – issuer is in default of certain continuous disclosure obligations.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(b)

October 26, 2009

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, BRITISH COLUMBIA AND ONTARIO
(the Jurisdictions)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
ORVANA MINERALS ASTURIAS CORP.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer is not a reporting issuer (the **Exemptive Relief Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

(a) the Ontario Securities Commission is the principal regulator for this application, and

(b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation governed by the *Canada Business Corporations Act* (the **CBCA**) with its registered address located at 320 Bay Street, Suite 1530, Toronto, Ontario, M5H 4A6.

2. The Filer is a reporting issuer in the provinces of Alberta, British Columbia and Ontario.

3. The Filer's authorized share capital consists of an unlimited number of common shares (**Common Shares**) and an unlimited number of redeemable preferred shares (**Preferred Shares**) that are redeemable by the Filer at a price of $0.75 per Preferred Share.

4. Orvana Minerals Corp. (**Orvana**) is the registered and beneficial owner of all of the issued and outstanding Common Shares. The Filer has not issued any Preferred Shares.

5. The Filer also has outstanding a share purchase warrant exercisable to acquire up to 1,500,000 Preferred Shares at a price of $0.90 per share expiring on March 11, 2010 (the **Warrant**) and a senior secured convertible debenture in the principal amount of $7,500,000.00 (the **Convertible Debenture**) that is convertible into Preferred Shares. A single party located outside of Canada is the registered and beneficial holder of the Warrant and the Convertible Debenture.

6. Pursuant to a take-over bid (the **Offer**) commenced by Orvana Minerals Acquisition Corp. (the **Acquiror**), a wholly-owned subsidiary of Orvana, on May 25, 2009 and which expired on August 28, 2009, for all of the outstanding common shares (**Kinbauri Shares**) of Kinbauri Gold Corp. (**Kinbauri**), the Acquiror acquired, in the aggregate, 61,688,845 Kinbauri Shares at a price of $0.75 per share, representing approximately 95% of the issued and outstanding Kinbauri Shares.

7. On September 24, 2009, the Acquiror commenced a compulsory acquisition of the outstanding Kinbauri Shares not owned by it at a price of $0.75 per share pursuant to section 206 of the CBCA (the **Compulsory Acquisition**).

8. On September 25, 2009, the Acquiror completed the Compulsory Acquisition and became the owner of all of the issued and outstanding Kinbauri Shares.

9. On October 1, 2009, the Acquiror and Kinbauri amalgamated under the CBCA (the **Amalgamation**), with the Filer being the corporation resulting from the Amalgamation.

Pursuant to the Amalgamation, the outstanding Kinbauri Shares were cancelled without payment of any consideration and the outstanding common shares of the Acquiror were converted into Common Shares.

10. Kinbauri was a reporting issuer in the provinces of Alberta, British Columbia and Ontario and, consequently, the Filer, as the successor to Kinbauri, became a reporting issuer in the provinces of Alberta, British Columbia and Ontario following the Amalgamation.

11. Other than as described above, the Filer has no other securities issued and outstanding.

12. The outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada.

13. Prior to consummation of the transactions described above, the Kinbauri Shares were listed for trading on the TSX Venture Exchange under the symbol "KNB".

14. On September 3, 2009, an application was made to de-list the Kinbauri Shares from the TSX Venture Exchange. Such shares were de-listed following the close of trading on September 25, 2009.

15. No securities of the Filer are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.

16. The Filer has no current intention to seek public financing by way of an offering of securities.

17. The Filer is applying for relief to cease to be a reporting issuer in all jurisdictions of Canada in which it is currently a reporting issuer.

18. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer, except for the obligation to file its annual financial statements for the year ended May 31, 2009 and its Management Discussion and Analysis in respect of such financial statements, as required under National Instrument 51-102 *Continuous Disclosure Obligations*, and the related certification of such financial statements as required under Multilateral Instrument 52-109 *Certification of Disclosure in Filers' Annual and Interim Filings*, all of which became due on September 28, 2009.

19. The Filer did not surrender its status as a reporting issuer in British Columbia pursuant to BC Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* (the BC Instrument) in order to avoid the 10-day waiting period under the BC Instrument.

20. The Filer is not eligible to use the simplified procedure under CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* in order to apply for the Exemptive Relief Sought.

21. The Filer, upon the grant of the Exemptive Relief Sought, will no longer be a reporting issuer or the equivalent in any jurisdiction in Canada.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.

"Paulette Kennedy"
Commissioner
Ontario Securities Commission

"Carol S. Perry"
Commissioner
Ontario Securities Commission

2.1.5 Wellington West Financial Services Inc. and Brownstone Investment Planning Inc.

Headnote

Multilateral Instrument 11-102 Passport System – National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 33-109 Registration Information (NI 33-109) – relief from certain filing requirements of NI 33-109 in connection with a bulk transfer of business locations and registered and non-registered individuals in accordance with section 3.4 of Companion Policy 33-109CP to NI 33-109.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System.
National Instrument 33-109 Registration Information and Companion Policy 33-109CP.
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

October 27, 2009

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
MANITOBA AND ONTARIO
(the "Jurisdictions")

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
WELLINGTON WEST FINANCIAL SERVICES INC.
("WWFS")
AND
BROWNSTONE INVESTMENT PLANNING INC.
("BROWNSTONE")
(the "Filers")

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the "**Decision Maker**") has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for relief pursuant to National Instrument 33-109 *Registration Information* ("**NI 33-109**") to allow the bulk transfer of all of the registered individuals and all of the locations of Brownstone to WWFS (as described below) (the "**Bulk Transfer**"), on or about October 31, 2009 in accordance with section 3.4 of the companion policy to NI 33-109 (the "**Exemption Sought**")

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

1. The Manitoba Securities Commission is the principal regulator for this application,

2. the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in Manitoba, British Columbia, Alberta and Saskatchewan, and

3. the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filers:

WWFS

1. WWFS is a corporation amalgamated under *The Corporations Act* (Manitoba) pursuant to articles of amalgamation dated April 16, 2004.

2. WWFS is registered in the category of mutual fund dealer or equivalent in British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario and in the category of exempt market dealer in Ontario.

3. WWFS is not in default of the securities legislation in any of the Jurisdictions.

Brownstone

4. Brownstone is a corporation continued under the *Canada Business Corporations Act*.

5. Brownstone is registered in the category of mutual fund dealer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and in the category of exempt market dealer in Ontario.

6. Brownstone is not in default of the securities legislation in any of the Jurisdictions.

Transaction

7. Effective October 31, 2009, Wellington West Holdings Inc., the parent company of WWFS, will acquire all of the issued and outstanding shares of Brownstone (the "**Transaction**") and all of the current registrable activities of Brownstone will be transferred to WWFS and WWFS will assume all of the existing registrations and approvals for all of the registered individuals and all of the locations

of Brownstone. There will be no disruption in the ability of the current individual registrants of Brownstone to trade or advise on behalf of their respective clients prior to the Transaction and WWFS does not anticipate that there will be any disruption in its ability to trade or advise immediately after the Transaction.

8. Following the Transaction, WWFS will continue to be registered in the same categories of registration as the Filers were prior to the Transaction and will be subject to, and will comply with, applicable securities laws of the Jurisdictions.

9. Brownstone proposes to transfer a total of 28 salespersons registered in one or more of Manitoba, Ontario or Alberta, and 5 locations, to WWFS.

10. On completion of the Transaction, WWFS will carry on the combined business of the Filers.

11. The Exemption Sought will not be contrary to the public interest and will have no negative consequences on the ability of the Filers to comply with all applicable regulatory requirements or their ability to satisfy any obligations to clients of the Filers.

12. It would be extremely difficult to individually transfer each of the locations and individuals of Brownstone to WWFS as per the requirements set out in NI 33-109 if the Exemption Sought is not granted.

13. The head office of WWFS following the Transaction will continue to be 200 Waterfront Drive, Winnipeg, Manitoba, R3B 3P1.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptions Sought are granted PROVIDED THAT the Filers make acceptable arrangements with CDS Inc. for the payment of the costs associated with the Bulk Transfer, and make such payment in advance of the Bulk Transfer.

"Douglas R. Brown"
Director, Legal, Enforcement, Registrations
The Manitoba Securities Commission

2.2 Orders

2.2.1 Irwin Boock et al.

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, as amended

AND

IN THE MATTER OF
IRWIN BOOCK, STANTON DEFREITAS,
JASON WONG, SAUDIA ALLIE,
ALENA DUBINSKY, ALEX KHODJIAINTS
SELECT AMERICAN TRANSFER CO.,
LEASESMART, INC.,
ADVANCED GROWING SYSTEMS, INC.,
INTERNATIONAL ENERGY LTD.,
NUTRIONE CORPORATION,
POCKETOP CORPORATION,
ASIA TELECOM LTD., PHARM CONTROL LTD.,
CAMBRIDGE RESOURCES CORPORATION,
COMPUSHARE TRANSFER CORPORATION,
FEDERATED PURCHASER, INC.,
TCC INDUSTRIES, INC.,
FIRST NATIONAL ENTERTAINMENT CORPORATION,
WGI HOLDINGS, INC. and
ENERBRITE TECHNOLOGIES GROUP

ORDER

WHEREAS on October 16, 2008 the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and Statement of Allegations pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") in respect to the above respondents, including NutriOne Corporation ("NutriOne");

AND WHEREAS on May 18, 2007 the Commission made a temporary order prior to the commencement of the within proceeding pursuant to subsections 127(1) and 127(5) of the Act (the "Temporary Order") that: (i) all trading in and all acquisitions of the securities of NutriOne, whether direct or indirect, shall cease from the date of the Temporary Order; and (ii) any exemptions contained in the Act do not apply to NutriOne;

AND WHEREAS on or about November 24, 2008 NutriOne consented to an extension of the Temporary Order until the completion of the within proceeding;

AND WHEREAS NutriOne has entered into a Settlement Agreement with the Staff of the Commission on October 14, 2009;

AND WHEREAS Staff of the Commission recommended approval of the Settlement Agreement in relation to the matter set out in the Statement of Allegations;

AND UPON reviewing the Settlement Agreement and the Notice of Hearing of Staff of the Commission, and

upon hearing submissions of Counsel for Staff of the Commission and NutriOne;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED that pursuant to ss. 127(1) of the Act:

1. the Settlement Agreement is hereby approved;

2. all trading in and all acquisitions of the securities of NutriOne, whether direct or indirect, shall cease permanently; and

3. any exemptions contained in the Act do not apply to NutriOne permanently.

Dated at Toronto, Ontario this 21st day of October, 2009.

"David L. Knight"

"Margot C. Howard"

2.2.2 Oversea Chinese Fund Limited Partnership et al. - ss. 127(7), 127(8)

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
OVERSEA CHINESE FUND LIMITED PARTNERSHIP,
WEIZHEN TANG AND ASSOCIATES INC.,
WEIZHEN TANG CORP. AND WEIZHEN TANG

ORDER
Subsections 127(7) and (8)

WHEREAS on the 17th day of March, 2009, pursuant to subsections 127(1) and (5) of the *Securities Act* R.S.O. 1990, c. S.5, as amended (the "Act"), the Ontario Securities Commission (the "Commission") made the following temporary orders (the "Temporary Order") against Oversea Chinese Fund Limited Partnership ("Oversea"), Weizhen Tang and Associates Inc. ("Associates"), Weizhen Tang Corp. ("Corp.") and Weizhen Tang, (collectively the "Respondents"):

1. that all trading in securities of Oversea, Associates and Corp. shall cease;

2. that all trading by the Respondents shall cease; and

3. that the exemptions contained in Ontario securities law do not apply to the Respondents.

AND WHEREAS on March 17, 2009, pursuant to subsection 127(6) of the Act the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on March 18, 2009 the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on April 1, 2009 at 2:00 p.m.;

AND WHEREAS the Notice of Hearing sets out that the Hearing is to consider, inter alia, whether, in the opinion of the Commission, it is in the public interest, pursuant to subsections 127(7) and (8) of the Act to extend the Temporary Order until such further time as considered necessary by the Commission;

AND WHEREAS prior to the April 1, 2009 Hearing date, Staff of the Commission ("Staff") served the Respondents with copies of the Temporary Order, Notice of Hearing, and Staff's supporting materials;

AND WHEREAS on April 1, 2009, counsel for the Respondents advised the Commission that the Respondents did not oppose the extension of the Temporary Order;

AND WHEREAS on April 1, 2009, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order until September 10, 2009;

AND WHEREAS on April 1, 2009, the Commission ordered that the Temporary Order be extended, pursuant to section 127(8) of the Act, to September 10, 2009 and the Hearing be adjourned to September 9, 2009;

AND WHEREAS on September 8, 2009 the Commission ordered on consent that the Temporary Order be extended until September 26, 2009 and the Hearing be adjourned until September 25, 2009 at 10:00 a.m. as counsel for the Respondents requested that the Hearing be adjourned as he required more time to file materials for the Hearing;

AND WHEREAS on September 24, 2009 the Commission ordered on consent that the Temporary Order be extended until October 23, 2009 and the Hearing be adjourned to October 22, 2009 at 10:00 a.m.;

AND WHEREAS the Commission considered the submissions of counsel for Staff and counsel for the Respondents consented to an order extending the Temporary Order until November 16, 2009 and adjourning the Hearing until November 13, 2009 at 10:00 a.m.;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

AND WHEREAS pursuant to section 127(8) of the Act, satisfactory information has not been provided to the Commission by any of the Respondents at this time;

AND WHEREAS the Commission has considered the consent of the parties;

IT IS HEREBY ORDERED that the Temporary Order is extended until November 16, 2009; and

IT IS FURTHER ORDERED that the Hearing in this matter is adjourned to November 13, 2009 at 10:00 a.m. or as soon thereafter as the hearing can be held.

DATED at Toronto this 22nd day of October, 2009.

"David L. Knight"

2.2.3 Barry Landen – s. 127

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
BARRY LANDEN

ORDER
(Section 127 of the Securities Act)

WHEREAS on October 7, 2009, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Act accompanied by a Statement of Allegations dated October 6, 2009, issued by Staff of the Commission ("Staff") with respect to Barry Landen ("Landen");

AND WHEREAS on October 7, 2009, counsel for Landen was served with the Notice of Hearing and Statement of Allegations;

AND WHEREAS the Notice of Hearing set the hearing in this matter for October 29, 2009 at 10 a.m.;

AND WHEREAS on October 26, 2009, counsel for Staff and counsel for Landen have requested that the hearing scheduled for October 29, 2009 be adjourned to November 10, 2009 at 2:30 p.m. for the purpose of having a pre-hearing conference;

IT IS ORDERED THAT the hearing currently scheduled for October 29, 2009 is adjourned to November 10, 2009 at 2:30 p.m. or such other date as is agreed by the parties and determined by the Office of the Secretary for the purpose of having a pre-hearing conference.

DATED at Toronto this 26th day of October, 2009

"David L. Knight"

2.2.4 Stanko Joseph Grmovsek and Gil I. Cornblum – ss. 127, 127.1

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED**

AND

**STANKO JOSEPH GRMOVSEK AND
GIL I. CORNBLUM**

**ORDER
(sections 127 and 127.1)**

WHEREAS on October 23, 2009, the Commission issued a Notice of Hearing pursuant to section 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S.5 as amended (the "Act"), accompanied by the Statement of Allegations of Staff of the Commission, in relation to the Respondents, Stanko Joseph Grmovsek ("Grmovsek") and Gil I. Cornblum ("Cornblum");

AND WHEREAS the Grmovsek entered into a Settlement Agreement with Staff of the Commission ("Staff") dated October 25, 2009 (the "Settlement Agreement") in which he agreed to a settlement of the proceedings commenced by the Notice of Hearing dated October 23, 2009, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and Staff's Statement of Allegations, and upon reading the written submissions from Staff and upon hearing submissions from Staff and counsel for Grmovsek;

AND WHEREAS Grmovsek acknowledges that the facts set out in Part III of the Settlement Agreement constituted a breach of section 76(1) of the Act and conduct contrary to the public interest under the Act;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this order;

IT IS HEREBY ORDERED THAT:

(a) the Settlement Agreement between Grmovsek and Staff is approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, Grmovsek shall cease trading in any securities permanently;

(c) pursuant to clause 2.1 of subsection 127(1) of the Act, Grmovsek shall cease acquisitions of any securities permanently;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Grmovsek permanently;

(e) pursuant to clause 8 of subsection 127(1) of the Act, Grmovsek is prohibited from becoming an officer or director of an issuer permanently;

(f) pursuant to clause 8.2 of subsection 127(1) of the Act, Grmovsek is prohibited from becoming an officer or director of a registrant permanently;

(g) pursuant to clause 8.4 of subsection 127(1) of the Act, Grmovsek is prohibited from becoming an officer or director of an investment fund manager permanently;

(h) pursuant to clause 8.5 of subsection 127(1) of the Act, Grmovsek is prohibited from becoming an registrant, investment fund manager or promoter permanently;

(i) pursuant to clause 10 of subsection 127(1) of the Act, Grmovsek shall disgorge to the Commission $750,000 obtained as a result of his non-compliance with Ontario securities law for allocation to or for the benefit of third parties;

(j) pursuant to clause 10 of subsection 127(1) of the Act, Grmovsek shall disgorge to the Commission $283,000 obtained as a result of his non-compliance with Ontario securities law for allocation to or for the benefit of the Attorney General for Ontario; and

(k) pursuant to subsection 127.1(1) of the Act, Grmovsek, agrees to pay costs of the investigation in the amount of $250,000 to the Commission.

Dated this 26th day of October, 2009.

"Patrick J. LeSage"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions,Orders and Rulings

3.1.1 Irwin Boock et al.

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
IRWIN BOOCK, STANTON DEFREITAS, JASON WONG,
SAUDIA ALLIE, ALENA DUBINSKY, ALEX KHODJIAINTS
SELECT AMERICAN TRANSFER CO.,
LEASESMART, INC., ADVANCED GROWING SYSTEMS, INC.,
INTERNATIONAL ENERGY LTD., NUTRIONE CORPORATION,
POCKETOP CORPORATION, ASIA TELECOM LTD.,
PHARM CONTROL LTD., CAMBRIDGE RESOURCES CORPORATION,
COMPUSHARE TRANSFER CORPORATION,
FEDERATED PURCHASER, INC., TCC INDUSTRIES, INC.,
FIRST NATIONAL ENTERTAINMENT CORPORATION,
WGI HOLDINGS, INC. and ENERBRITE TECHNOLOGIES GROUP

SETTLEMENT AGREEMENT

PART I. Introduction

1. By Notice of Hearing dated October 19, 2009, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider whether pursuant to subsection 127(1) of the Securities Act (the "Act") it is in the public interest for the Commission to make an order that:

(a) all trading in, and all acquisitions of, the securities of the Respondent, NutriOne Corporation (“Nutrione”), whether direct or indirect, shall cease; and

(b) any exemptions contained in the Act do not apply to NutriOne.

PART II. Joint Settlement Recommendation

2. By Notice of Hearing dated October 19, 2009, the Ontario Securities Commission (the "Commission") announced Staff of the Commission ("Staff") recommend settlement of the proceeding commenced by Notice of Hearing dated October 16, 2008 against NutriOne according to the terms and conditions set out in Part VI of this Settlement Agreement. NutriOne agrees to the making of an order in the form attached as Schedule “A” based on the facts set out below.

PART III. Statement of Facts

3. For the purpose of only this proceeding and any other regulatory proceeding commenced by a securities regulatory authority, NutriOne agrees with the facts set out in Part III of this Settlement Agreement.

4. Nothing in this Settlement is intended to be an admission of civil or criminal liability by NutriOne or any of its directors, officers, or shareholders, to any person, agent or company; such liability is expressly denied.

Background

5. The conduct in issue relates to certain of the other Respondents' incorporation and use of NutriOne and its predecessor companies, as a vehicle to be used for personal gain in a breach of securities statutory and regulatory requirements (the "Misconduct").

6. NutriOne's current principals (the "Principals") sought to patent certain food technology and market the said food technology in the United States ("U.S."). For this purpose the Principals sought to purchase a clean shell company publicly listed on the NASDAQ exchange.

7. Without knowledge of the Misconduct, the Principals purchased NutriOne from a third party on the understanding and with the good faith expectation that NutriOne was a company validly incorporated under U.S. laws and publicly listed on the Pink Sheets LLC, an electronic quotation and trading system for over-the-counter securities market in the US (the "Pink Sheets"), which would be used as an operating vehicle with the capability of raising funds through a public offering of securities in compliance with all statutory and regulatory requirements. NutriOne was not in fact registered in any capacity with this Commission nor is it a reporting issuer in Ontario.

8. However, unbeknownst to the Principals, NutriOne was not a US public company, but in fact had been used in connection with the unauthorized and unregistered issuance of shares in the Pink Sheets. In particular, Staff allege that:

(a) On July 7, 2005, documents evidencing the incorporation of Biscayne Apparel, Inc. (“Biscayne”) were filed with the State of Florida by persons related to Select American Transfer Co. (“Select American”);

(b) Biscayne had the same name as a defunct Florida public corporation (“Old Biscayne”) which had made its last SEC filing on May 14, 1999;

(c) Biscayne assumed the corporate identity of Old Biscayne;

(d) On July 8, 2005, Biscayne amended its articles of incorporation resolving to change its name to El Apparel, Inc. (“El Apparel”) and resolving that the issued and outstanding shares of Biscayne be consolidated on a one (1) new for one (1000) thousand old basis;

(e) On July 11, 2005; amending documents were filed with the State of Florida to change the name of Biscayne to El Apparel;

(f) On June 14, 2006, amending documents were filed with the State of Florida to change the name of El Apparel to NutriOne; and

(g) certain Respondents then issued unauthorized and unregistered share certificates in the name of NutriOne.

PART IV. Conduct Contrary to the Public Interest

9. The Principals’ agents and consultants failed to conduct the necessary due diligence to alert the Principals’ of the Misconduct prior to the Principals’ purchase of NutriOne. By the foregoing reason and by engaging in the conduct described above, NutriOne has acted contrary to the public interest.

PART V. Respondent’s Position

10. NutriOne requests that the settlement hearing panel consider the following mitigating circumstances.

11. When the Principals subsequently learned of the Misconduct and discovered that NutriOne was not in fact a public company, the Principals ceased any active operations in NutriOne, including without limitation, any effort to offer securities for sale or for access to the public markets.

12. As a result, NutriOne ceased operation as a public company.

13. NutriOne also cooperated with the Ontario Securities Commission during its investigation and consented to a cease trade order and its renewal from time to time, as follows:

(a) on or about May 18, 2007 the Commission made a temporary order pursuant to clauses 2 and 3 of subsections 127(1) of the Act that:

(i) all trading in and all acquisitions of the securities of NutriOne, whether direct or indirect, shall cease from the date of the Temporary Order; and

(ii) any exemptions contained in the Act do not apply to NutriOne (the "Temporary Order").

(b) subsequent to May 18, 2007, NutriOne consented to extensions of the Temporary Order; and

(c) on or about November 24, 2008 NutriOne consented to an extension of the Temporary Order until the conclusion of the within proceeding.

14. The Principals:

(a) are not named Respondents in this proceeding;

(b) have fully cooperated with Staff during the proceedings in this matter; and

(c) have not been previously been sanctioned by Staff.

PART VI. Terms of Settlement

15. NutriOne agrees to the terms of settlement listed below:

(a) all trading in, and all acquisitions of, the securities of NutriOne, whether direct or indirect, will cease permanently; and

(b) any exemptions contained in the Act will not apply to NutriOne permanently.

PART VII. Staff Commitment

16. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 17 below.

17. If the Commission approves this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against NutriOne. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

PART VIII. Procedure for Approval of Settlement

18. Approval of this Settlement shall be sought at a public hearing of the Commission on a date as agreed to by Staff and NutriOne, according to the procedures set out in this Settlement Agreement and the Commission's Rules of Practice.

19. Staff and NutriOne agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on NutriOne's conduct, unless the parties agree that additional facts will be submitted at the settlement hearing.

20. If the Commission approves this Settlement Agreement, NutriOne agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

21. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

22. Whether or not the Commission approves this Settlement Agreement, NutriOne will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART IX. Disclosure of Settlement Agreement

23. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

(a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the settlement hearing takes place will be without prejudice to Staff and the Respondent; and

(b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

24. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, both parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

PART X. Execution of Settlement Agreement

25. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

26. A fax copy of any signature will be treated as an original signature. "

Date: October 21, 2009

"Ryan Hauk"
Macleod Dixon LLP
Lawyers for NutriOne

Date: October 14, 2009

"Tom Atkinson"
Director of Enforcement
Ontario Securities Commission

"Schedule A"

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

and

IN THE MATTER OF
IRWIN BOOCK, STANTON DEFREITAS, JASON WONG,
SAUDIA ALLIE, ALENA DUBINSKY, ALEX KHODJIAINTS
SELECT AMERICAN TRANSFER CO.,
LEASESMART, INC., ADVANCED GROWING SYSTEMS, INC.,
INTERNATIONAL ENERGY LTD., NUTRIONE CORPORATION,
POCKETOP CORPORATION, ASIA TELECOM LTD.,
PHARM CONTROL LTD., CAMBRIDGE RESOURCES CORPORATION,
COMPUSHARE TRANSFER CORPORATION,
FEDERATED PURCHASER, INC., TCC INDUSTRIES, INC.,
FIRST NATIONAL ENTERTAINMENT CORPORATION,
WGI HOLDINGS, INC. and ENERBRITE TECHNOLOGIES GROUP

ORDER

WHEREAS on October 16, 2008 the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and Statement of Allegations pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") in respect to the above respondents, including NutriOne Corporation ("NutriOne");

AND WHEREAS on May 18, 2007 the Commission made a temporary order prior to the commencement of the within proceeding pursuant to subsections 127(1) and 127(5) of the Act (the "Temporary Order") that: (i) all trading in and all acquisitions of the securities of NutriOne, whether direct or indirect, shall cease from the date of the Temporary Order; and (ii) any exemptions contained in the Act do not apply to NutriOne;

AND WHEREAS on or about November 24, 2008 NutriOne consented to an extension of the Temporary Order until the completion of the within proceeding;

AND WHEREAS NutriOne has entered into a Settlement Agreement with the Staff of the Commission on October 14, 2009;

AND WHEREAS Staff of the Commission recommended approval of the Settlement Agreement in relation to the matter set out in the Statement of Allegations;

AND UPON reviewing the Settlement Agreement and the Notice of Hearing of Staff of the Commission, and upon hearing submissions of Counsel for Staff of the Commission and NutriOne;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED that pursuant to ss. 127(1) of the Act:

1. the Settlement Agreement is hereby approved;

2. all trading in and all acquisitions of the securities of NutriOne, whether direct or indirect, shall cease permanently; and

3. any exemptions contained in the Act do not apply to NutriOne permanently.

Dated: At Toronto this ____ day of _____, 2009.

3.1.2 Stanko Joseph Grmovsek and Gil I. Cornblum

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

STANKO JOSEPH GRMOVSEK AND GIL I. CORNBLUM

SETTLEMENT AGREEMENT
BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION AND
STANKO JOSEPH GRMOVSEK

PART I – INTRODUCTION

1. The Ontario Securities Commission (the "Commission") will issue a Notice of Hearing to announce that it held a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5 as amended (the "Act"), it is in the public interest for the Commission to approve this Settlement Agreement and to make certain Orders in respect of the Respondent, Stanko Joseph Grmovsek ("Grmovsek").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding commenced by Notice of Hearing dated October 23, 2009 (the "Proceeding") against Grmovsek according to the terms and conditions set out in Part V of this Settlement Agreement. Grmovsek agrees to the making of an Order in the form attached as Schedule "A", based on the facts set out below.

3. For the purposes of this proceeding only, Grmovsek agrees with the facts as set out in Part III of this Settlement Agreement.

PART III – AGREED FACTS

A. OVERVIEW

4. Gil I. Cornblum ("Cornblum") and Grmovsek collectively (the "Respondents") engaged in an illegal insider trading scheme over the course of a 14 year period from 1994-2008 (the "Relevant Period"). Although the scheme operated throughout the Relevant Period, the trading generally occurred in two time periods: September 1996 to August 2000 and May 2004 to April 2008.

5. Shortly after completing law school in 1994, the Respondents commenced the scheme in which Cornblum would seek out and obtain material, non-public information concerning pending corporate transactions that he would communicate to Grmovsek, for the sole purpose of facilitating the execution of trades in securities of the corporations involved in the corporate transactions by Grmovsek for a profit.

6. The Respondents' scheme contemplated an equal distribution of the illicit trading profits between Grmovsek and Cornblum at some future date.

7. At all times during the Relevant Period, Cornblum sought out and obtained material, non-public information in his capacity as a lawyer.

8. Throughout the Relevant Period, Grmovsek directed the illegal trading in brokerage accounts located in: (i) the Bahamas under various corporate names; (ii) Ontario under variations of his own name and a Grmovsek Family Trust account; and (iii) Ontario which were in the names of family and friends but over which he obtained trading authorization.

9. Throughout the Relevant Period, the Respondents engaged in a course of conduct to disguise their illegal activity and avoid detection from regulatory authorities and law enforcement. This conduct included, but was not limited to:

(i) using numerous brokerage accounts opened in corporate names in the Bahamas;

(ii) using only verbal trading instructions for brokerage accounts located in Bahamas;

(iii) maintaining the illicit trading profits in a number of brokerage accounts opened in corporate names in the Bahamas and the Grand Cayman Islands;

(iv) developing and participating in covert methods of repatriating illicit profits into Canada;

(v) engaging in trading patterns with respect to the securities so as to minimize the possibility of detection; and

(vi) extensive use of pay telephones and calling cards to communicate material non-public information and discuss potential trading strategies integral to the scheme.

10. In total, Cornblum tipped Grmovsek of material non-public information and Grmovsek traded while in possession of that material non-public information in advance of news releases related to forty-six (46) corporate transactions involving securities publicly listed in Canada and the United States. In some cases the securities were cross-listed in both countries.

11. In total, the illegal insider trading yielded profits of approximately $9,000,000 USD. The majority of the profits were generated by trades on exchanges located in the United States.

B. THE RESPONDENTS

12. Cornblum is a resident of Toronto, Ontario and during the Relevant Period was an articling student or practicing lawyer and was a member of the Law Society of Upper Canada and the New York State Bar. During the Relevant Period, Cornblum worked at a number of law firms, including by not limited to: Sullivan & Cromwell, LLP, New York; Schulte Roth & Zabel, LLP, New York; and Dorsey, Whitney, LLP, Toronto (the "Law Firms").

13. Commencing in 2001, Cornblum was an associate lawyer and subsequently a partner in the Mergers & Acquisitions/Corporate Practice Groups at Dorsey & Whitney, LLP. In April 2008, as a result of regulatory investigations into alleged illegal insider trading, Cornblum was terminated from Dorsey & Whitney, LLP.

14. Grmovsek was a resident of Woodbridge, Ontario during the Relevant Period. Grmovsek articled in Ontario, was called to the bar in 1995 and practiced as a securities lawyer and was a member of the Law Society of Upper Canada until May 1, 1997 when he ceased practicing law and engaged in the illegal insider trading scheme full-time.

15. The Respondents met and became friends in law school and remained close personal friends thereafter. Throughout the Relevant Period, the Respondents were in regular and frequent contact.

16. The Respondents have never been registered in any capacity with the Commission.

17. Since May 2008, when Staff's investigation became public, the Respondents have provided extensive cooperation in assisting all regulatory authorities and law enforcement agencies involved in identifying the depth and breadth of the conduct at issue. Many of the corporate transactions that occurred in the 1994 - 2000 period were identified by the Respondents from memory. Staff's investigation and analysis regarding those transactions was aided by the Respondents' testimony since there are incomplete records regarding some of these transactions, particularly due to the off-shore components of the scheme.

C. TIPPING

18. During the Relevant Period, Cornblum actively sought out and acquired material non-public information about potential corporate transactions through his role as a lawyer at the Law Firms.

19. The information was primarily obtained in one of five ways:

(i) as counsel to issuers on pending corporate transactions;

(ii) through conversations with colleagues/other counsel on potential corporate transactions;

(iii) through communications with external counsel conducting conflict checks regarding potential corporate transactions;

(iv) by using temporary passwords for night-time secretarial staff to conduct searches on computer databases at the Law Firms for material non-public information related to pending transactions for which he did not personally serve as counsel; and

(v) by early morning searches through the hallways, photocopy rooms, fax machines and files of colleagues at the Law Firms for documents revealing material non-public information related to pending transactions for which he did not personally serve as counsel.

20. During the Relevant Period, Cornblum acquired material non-public information involving all of the following corporate transactions (the "Corporate Transactions")[1]:

(a) acquisition of Office Depot by Staples, announced September 4, 1996 (NYSE);

(b) acquisition of Great Western Financial Corp. by H.F. Ahmanson & Company, announced February 17, 1998 (NYSE);

(c) acquisition of North American Mortgage Company by Dime Bancorp Inc., announced June 23, 1997 (NYSE);

(d) acquisition of Equitable of Iowa Companies by ING Groep N.V., announced July 8, 1997 (NYSE);

(e) acquisition of Nellcor Puritan Bennett Inc. by Mallinckrodt Inc., announced July 23, 1997 (NASDAQ);

(f) acquisition of Corestates Financial Corp. by First Union Corporation, announced November 18, 1997 (NYSE);

(g) acquisition of Piper Jaffray Companies Inc. by U.S. Bancorp, announced December 15, 1997 (NYSE);

(h) acquisition of Money Store Inc. by First Union Corporation, announced March 4, 1998 (NYSE);

(i) acquisition of Alumax Inc. by Alcoa Inc., announced March 9, 1998 (TSX/NYSE);

(j) acquisition of H.F. Ahmanson & Company by Washington Mutual Inc., announced March 17, 1998 (NYSE);

(k) acquisition of Beneficial Company by Household International Inc. announced April 7, 1998 (NYSE);

(l) acquisition of Ameritech Corporation by SBC Communications Inc., announced May 11, 1998 (NYSE);

(m) acquisition of Humana Inc. by United HealthGroup Inc., announced May 28, 1998 (NYSE);

(n) acquisition of Ciena Corporation by Tellabs Inc., announced June 3, 1998 (NASDAQ);

(o) acquisition of Wells Fargo & Company by Norwest Corporation, announced June 8, 1998 (NYSE);

(p) acquisition of Newcourt Credit by CIT announced on March 8, 1999 (TSX/NYSE);

(q) acquisition of Smallworldwide by GE Power Systems, announced August 17, 2000 (NASDAQ);

(r) acquisition of Wheaton River Minerals Ltd. by Goldcorp Inc., announced May 28, 2004 (TSX/AMEX);

(s) buy-back of Yamana Gold Inc. warrants by Yamana Gold Inc., announced June 17, 2005 (TSX/NYSE);

(t) merger of Star Point Energy Trust and Acclaim Energy Trust, announced September 19, 2005 (TSX/AMEX);

(u) acquisition of Virginia Gold Mines by Goldcorp Inc., announced December 5, 2005 (TSX/NYSE);

(v) acquisition of RNC Gold by Yamana Gold Inc., announced December 4, 2005 (TSX/NYSE);

(w) acquisition of Desert Sun Mining Inc. by Yamana Gold Inc., announced February 22, 2006 (TSX/NYSE);

(x) acquisition of Weda Bay by Eramet SA, announced March 15, 2006 (TSX);

(y) acquisition of Mexgold Resources Inc. by Gammon Lake, announced May 29, 2006 (TSX/AMEX);

(z) acquisition of Viceroy Exploration Ltd. by Yamana Gold Inc., announced August 16, 2006 (TSX/NYSE);

[1] The exchange(s) on which the "target" issuer was publicly listed at the time of the transaction, is enclosed in brackets following each transaction.

(aa) merger of Goldcorp Inc. and Glamis Gold Ltd., announced August 31, 2006 (TSX/NYSE);

(bb) merger of IAMGOLD Corporation and Cambior Inc., announced September 14, 2006 (TSX/AMEX);

(cc) merger of Denison Mines Corp. and International Uranium Corporation, announced September 18, 2006 (TSX/AMEX);

(dd) Goldcorp Inc. sale of shares in Wheaton River Minerals Ltd., announced December 7, 2006 (TSX/AMEX);

(ee) merger of Direct General Corporation and Fremont Partners and Texas Pacific Group, announced December 5, 2006 (NASDAQ);

(ff) Eldorado Gold Corporation potential merger with Centerra Gold Corporation, announced February 16, 2007 (TSX/AMEX);

(gg) acquisition of Gateway Casinos Income Fund by New World Gaming Partners Ltd., announced April 4, 2007 (TSX);

(hh) acquisition proposal of Liquor Barn Income Fund by Liquor Stores Income Fund, announced April 10, 2007 (TSX-V);

(ii) resource restatement by Blue Pearl Mining Ltd., announced April 16, 2007 (TSX/NYSE);

(jj) acquisition of Palmarejo Silver by Coeur d'Alene Mines, announced May 3, 2007 (TSX-V);

(kk) acquisition of Energy Metals Corporation by Uranium One Inc., announced June 4, 2007 (TSX/NSYE);

(ll) acquisition of Peru Copper, Inc. by Aluminum Corporation of China Ltd., announced June 14, 2007 (TSX/AMEX);

(mm) acquisition of Meridian Gold Inc. by Yamana Gold Inc. and Northern Orion Resources Inc., announced June 27, 2007 (TSX/NYSE);

(nn) acquisition of Meridian Gold Inc. by Yamana Gold Inc., announced August 14, 2007 (TSX/NYSE);

(oo) acquisition of Miramar Mining Corporation by Newmont Mining Corporation, announced October 9, 2007 (TSX/NYSE);

(pp) acquisition of Arizona Star by Barrick Gold Corporation, announced October 29, 2007 (TSX-V/NYSE);

(qq) settlement discussions between NovaGold Resources and Barrick Gold Corporation, announced November 8, 2007 (TSX/NYSE/AMEX);

(rr) acquisition of A.S.V., Inc. by Terex Corporation, announced January 13, 2008 (NASDAQ);

(ss) acquisition of Possis Medical, Inc. by MEDRAD, Inc., announced February 11, 2008 (NASDAQ); and

(tt) acquisition of WP Stewart by Arrow Capital Management, announced May 21, 2008 (NYSE).

21. Pursuant to subsections 76(5)(b) and (e) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") Cornblum became a person in a special relationship with the reporting issuers (the "Reporting Issuers") involved in the Corporate Transactions.

22. Grmovsek knew that Cornblum owed a fiduciary duty and a strict duty of confidentiality and loyalty to the clients of the Law Firms. Pursuant to subsection 76(2) of the Act, Cornblum was also prohibited from tipping others with material information related to any of the Reporting Issuers before that information had been generally disclosed.

23. For each of the Corporate Transactions, Cornblum informed Grmovsek of material information related to the Reporting Issuers or Issuers prior to that information having been generally disclosed.

24. The Respondents understood and intended that Grmovsek would execute trades based on this material non-public information provided by Cornblum and they expected to, and did, share in the profits of the resulting trades.

25. With respect to some of the Corporate Transactions, Cornblum would provide instructions to Grmovsek regarding the nature and quantum of proposed trading in certain securities, in an effort to avoid detection by regulatory authorities.

D. INSIDER TRADING

26. Throughout the Relevant Period, Grmovsek obtained material information related to the pending Corporate Transactions from Cornblum prior to the information having been generally disclosed. Grmovsek knew that Cornblum obtained the information in his capacity as a lawyer and fiduciary and that Cornblum stood in a special relationship to each of the Reporting Issuers.

27. By virtue of subsection 76(5)(e) of the Act, Grmovsek became a person in a special relationship with each of the Reporting Issuers and was accordingly prohibited from trading securities of the Reporting Issuers while in possession of material non-public information involving those Reporting Issuers.

28. From 1994 to 2008, with knowledge of material non-public information supplied by Cornblum, Grmovsek traded in the securities of the Reporting Issuers or the Issuers in advance of forty-six (46) corporate transactions, detailed as the Corporate Transactions in paragraph 20 above, contrary to subsection 76(1) of the Act.

29. Throughout the Relevant Period, Grmovsek traded the securities using numerous brokerage accounts in Ontario established in variations of his own name and a Grmovsek Family Trust account, as well as numerous brokerage accounts located in the Bahamas in corporate names. Grmovsek also traded through the following brokerage accounts in Ontario that belonged to his family and friends but over which he obtained trading authorization (the "Family and Friends Accounts"). The account-holders of the Family and Friends Accounts were not aware of the illegal insider trading scheme, nor were they aware that Grmovsek was trading securities on their behalf while in possession of material non-public information. Some of the account-holders of the Friends and Family Accounts paid Grmovsek a percentage of the profits generated by the illegal trading.

Account Holder	Relationship to Grmovsek
Stan J. Grmovsek, S. Joseph Grmovsek, Stan Grmovsek, Joseph S. Grmovsek, Grmovsek Family Trust	Himself
Joseph and Paula Grmovsek	Parents
Marian Grmovsek-Gatzos and Alexander Gatzos	Sister and Brother-in-Law
Chantal Bernard	Former Spouse
George and Vangie Gatzos	Parents of Alexander Gatzos
Christopher Gatzopoulos	Brother of Alexander Gatzos
Julio DiGirolamo	Personal Friend
Alba DiGirolamo	Spouse of Julio DiGirolamo
Peter Kelly	Friend and Former Neighbour

30. Following a public announcement of the material information, the securities of the Reporting Issuers and the securities of the issuers involved in the Corporate Transactions often increased dramatically in value. Shortly thereafter, Grmovsek sold most of the securities to realize a profit and obtained an unrealized profit for the remaining securities which he held, for a total gross profit over the Relevant Period of approximately $9,000,000 USD .

31. The majority of the illicit profits were held in off-shore accounts. In late 1999, Grmovsek repatriated approximately $600,000 CDN of illicit trading profits from a brokerage account in the Bahamas that was used to purchase his matrimonial home in the Greater Toronto Area.

32. In early 2000, Cornblum received $2,700,000 CDN in illicit trading profits from a brokerage account in the Bahamas that was subsequently transferred to a brokerage account under a corporate name in the Grand Cayman Islands (the "Grand Cayman Trading Account").

33. Although the scheme contemplated an equal distribution of the illicit trading profits, after receiving and transferring the $2,700,000 CDN referred to in paragraph 32, Cornblum thereafter received approximately $50,000 CDN from Grmovsek in cash prior to April 28, 2008.

34. The establishment of the Bahamian brokerage accounts and the subsequent execution of trades in those accounts was facilitated first by a lawyer with whom Grmovsek was acquainted, and subsequently by a broker at BMO Nesbitt Burns in Toronto. Grmovsek provided all instructions for all the trading in those accounts. Cornblum did not open the accounts and was unaware of the institutions at which they were located, however he was aware that Grmovsek had used a Toronto lawyer to open a Bahamian account for the trading.

35. On April 28, 2008, the Commission issued three directions pursuant to subsection 126(1) of the Act requiring E*Trade Canada Securities Corporation, Bank of Montreal Capital Markets and CIBC World Markets Inc. to retain all or certain funds, securities or property contained in a number of brokerage accounts controlled by Grmovsek, Marian Grmovsek-Gatzos or Alex Gatzos (the "Three Directions"). The Three Directions were subsequently amended several times in April and July 2008. On August 22, 2008, the Commission issued a further direction pursuant to subsection 126(1) of the Act requiring CIBC Investor Services Inc. to retain all funds, securities or property contained in a brokerage account controlled by Grmovsek (the "Further Direction"). The Three Directions and the Further Direction (collectively "the Freeze Directions") have been continued, on consent, by the Superior Court of Justice and remain in force to date.

36. At the time of the issuance of the Freeze Directions, all the securities, funds or property in those accounts and affected by the Directions were proceeds of the illegal insider trading scheme perpetrated by the Respondents. Presently, the value of the funds held in the accounts affected by the Freeze Directions is approximately $1,283,000 CDN.

PART IV – CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST

37. By trading securities of the Reporting Issuers with knowledge of material information obtained from Cornblum that had not generally been disclosed, Grmovsek engaged in illegal insider trading, contrary to subsection 76(1) of the Act, and engaged in conduct contrary to the public interest.

38. By trading securities of the Issuers involved in the Corporate Transactions with knowledge of material information obtained from Cornblum that had not generally been disclosed, Grmovsek engaged conduct contrary to the public interest.

PART V – TERMS OF SETTLEMENT

39. The Respondent, Grmovsek agrees to the terms of settlement listed below.

40. The Commission will make an Order pursuant to section 127(1) and section 127.1 of the Act that:

(a) the Settlement Agreement is approved;

(b) Grmovsek shall cease trading in all securities permanently;

(c) Grmovsek shall cease acquisitions of all securities permanently;

(d) any exemptions in Ontario securities law do not apply to Grmovsek permanently;

(e) Grmovsek is prohibited from becoming an officer or director of an issuer permanently;

(f) Grmovsek is prohibited from becoming an officer or director of a registrant permanently;

(g) Grmovsek is prohibited from becoming an officer or director of an investment fund manager permanently;

(h) Grmovsek is prohibited from becoming an registrant, investment fund manager or promoter permanently;

(i) Grmovsek shall disgorge to the Commission $750,000 obtained as a result of his non-compliance with Ontario securities law for allocation to or for the benefit of third parties;

(j) Grmovsek agrees to pay costs of the investigation in the amount of $250,000 to the Commission; and

(k) Grmovsek shall disgorge to the Commission $283,000 obtained as a result of his non-compliance with Ontario securities law for allocation to or for the benefit of the Attorney General for Ontario.

41. Grmovsek has provided to Staff, executed directions to the institutions listed in the Freeze Directions, authorizing and instructing those institutions to transfer forthwith all funds, securities and property in those accounts in the name of or under the control of Grmovsek to the Commission in satisfaction of the disgorgement and costs awards set out in this Settlement Agreement.

PART VI – STAFF COMMITMENT

42. If the Commission approves this Settlement Agreement and Grmovsek fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against Grmovsek. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as any breach of the Settlement Agreement.

43. If the Commission approves this Settlement Agreement and Grmovsek is sentenced in the Ontario Court of Justice to the offences of fraud, insider trading and laundering proceeds of crime contrary to the Criminal Code of Canada, R.S.C. 1985 c. C-46 relating to the facts set out in Part III of this Settlement Agreement, and no appeal is commenced from the conviction or sentence imposed, Staff will not continue any proceedings under Ontario securities law against Grmovsek.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

44. The parties will seek approval of this Settlement Agreement at an in camera hearing, without an appearance by Grmovsek, with submissions to the Commission on October 26, 2009, or on another date agreed to by Staff and Grmovsek, according to procedures set out in this Settlement Agreement and the Commission's Rules of Practice.

45. Staff and Grmovsek agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the Settlement Hearing on Grmovsek's conduct, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

46. If the Commission approves this Settlement Agreement, Grmovsek agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

47. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the Settlement Hearing.

48. Whether or not the Commission approves this Settlement Agreement, Grmovsek will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack of the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

49. If the Commission does not approve this Settlement Agreement or does not make the Order attached as Schedule "A" to this Settlement Agreement:

(i) this Settlement Agreement and all discussions and negotiations between Staff and Grmovsek before the Settlement Hearing takes place will be without prejudice to Staff and Grmovsek;

(ii) Staff and Grmovsek will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained within the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

50. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement and Grmovsek enters a guilty plea in the Ontario Court of Justice to the offences of fraud, insider trading and laundering proceeds of crime contrary to the *Criminal Code of Canada*, R.S.C. 1985 c. C-46 relating to the facts set out in Part III of this Settlement Agreement and is arraigned on a criminal offence(s) in the United States District Court, Southern District of New York relating to the facts set out in Part III of this Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement both parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or, if required by law.

PART IX – EXECUTION OF THE SETTLEMENT AGREEMENT

51. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

52. A faxed copy of any signature will be treated as an original signature.

Dated this 25th day of October, 2009

"Kellie Seaman"
Witness

"Stanko Joseph Grmovsek"
Stanko Joseph Grmovsek

Dated this 23rd day of October, 2009

STAFF OF THE ONTARIO SECURITIES COMMISSION

"Tom Atkinson"
Director, Enforcement Branch

Schedule "A"

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

STANKO JOSEPH GRMOVSEK AND
GIL I. CORNBLUM

ORDER
(sections 127 and 127.1)

WHEREAS on October 23, 2009, the Commission issued a Notice of Hearing pursuant to section 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S.5 as amended (the "Act"), accompanied by the Statement of Allegations of Staff of the Commission, in relation to the Respondents, Stanko Joseph Grmovsek ("Grmovsek") and Gil I. Cornblum ("Cornblum");

AND WHEREAS the Grmovsek entered into a Settlement Agreement with Staff of the Commission ("Staff") dated October 23, 2009 (the "Settlement Agreement") in which he agreed to a settlement of the proceedings commenced by the Notice of Hearing dated October 23, 2009, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and Staff's Statement of Allegations, and upon reading the submissions from counsel for Staff and counsel for Grmovsek;

AND WHEREAS Grmovsek acknowledges that the facts set out in Part III of the Settlement Agreement constituted a breach of section 76(1) of the Act and conduct contrary to the public interest under the Act;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this order;

IT IS HEREBY ORDERED THAT:

(a) the Settlement Agreement between Grmovsek and Staff is approved;

(b) pursuant to clause 2 of subsection 127(1) of the Act, Grmovsek shall cease trading in any securities permanently;

(c) pursuant to clause 2.1 of subsection 127(1) of the Act, Grmovsek shall cease acquisitions of any securities permanently;

(d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to Grmovsek permanently;

(e) pursuant to clause 8 of subsection 127(1) of the Act, Grmovsek is prohibited from becoming an officer or director of an issuer permanently;

(f) pursuant to clause 8.2 of subsection 127(1) of the Act, Grmovsek is prohibited from becoming an officer or director of a registrant permanently;

(g) pursuant to clause 8.4 of subsection 127(1) of the Act, Grmovsek is prohibited from becoming an officer or director of an investment fund manager permanently;

(h) pursuant to clause 8.5 of subsection 127(1) of the Act, Grmovsek is prohibited from becoming an registrant, investment fund manager or promoter permanently;

(i) pursuant to clause 10 of subsection 127(1) of the Act, Grmovsek shall disgorge to the Commission $750,000 obtained as a result of his non-compliance with Ontario securities law for allocation to or for the benefit of third parties;

(j) pursuant to clause 10 of subsection 127(1) of the Act, Grmovsek shall disgorge to the Commission $283,000 obtained as a result of his non-compliance with Ontario securities law for allocation to or for the benefit of the Attorney General for Ontario; and

(k) pursuant to subsection 127.1(1) of the Act, Grmovsek, agrees to pay costs of the investigation in the amount of $250,000 to the Commission.

Dated this day of October, 2009.

_____

3.1.3 Independent Financial Brokers of Canada v. Ontario Securities Commission and Mutual Fund Dealers Association of Canada

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA BY-LAW NO. 1

AND

INDEPENDENT FINANCIAL BROKERS OF CANADA

AND

STAFF OF THE ONTARIO SECURITIES COMMISSION AND
STAFF OF THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA

REASONS AND DECISION

Hearing: June 5, 2009

Decision: October 27, 2009

Panel:	Mary G. Condon	–	Commissioner (Chair of the Panel)
	David L. Knight, FCA	–	Commissioner
	Paulette L. Kennedy	–	Commissioner
Counsel:	Alistair Crawley Jocelyn Loosemore Clarke Tedesco	–	for the Independent Financial Brokers of Canada
	James D. G. Douglas Margot Finley	–	for Staff of the Mutual Fund Dealers Association of Canada
	Anne C. Sonnen Aislinn Reid	–	for Staff of the Ontario Securities Commission

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REASONS AND DECISION

I. BACKGROUND

[1] This was a hearing before the Ontario Securities Commission (the "Commission") on June 5, 2009, to consider an application (the "Application") made by the Independent Financial Brokers of Canada (the "IFBC") pursuant to sections 21.1(4), 21.7, and 144 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act"), for a review of the decision of the Commission approving the proposal of the Mutual Fund Dealers Association of Canada (the "MFDA") to amend section 24.3 of MFDA By-Law No. 1 (the "By-Law"), *Amendments to Section 24.3 of MFDA By-law No. 1, Regarding Suspensions in Certain Circumstances*, which was published on August 1, 2008 in the Commission Bulletin: (2008), 31 O.S.C.B. 7589.

[2] This matter arose out of a Notice of Hearing issued by the Commission on March 18, 2009, in relation to the Application by the IFBC.

[3] In the Application, the IFBC seeks an order quashing the decision of the Commission to approve proposed amendments to section 24.3 of the By-Law, as well as an order declaring the amendment to be contrary to Ontario securities law. The amendments at issue deal, in part, with the circumstances in which the MDFA can suspend its members/approved persons without notice in applications made under exceptional circumstances, and where a hearing panel determines that proceeding without notice is in the public interest.

[4] The IFBC was founded in 1985, and is a voluntary, not-for-profit association representing approximately 4,000 licensed financial advisors across Canada. It is an incorporated entity under Part II of the *Canada Corporations Act*, 1970, c. C-32. Between 60 and 70% of the IFBC's members are registered to sell mutual funds, and are subject to the By-Law as "Approved Persons".

[5] As a preliminary matter, the MFDA and Staff of the Commission ("Staff") take the position that there is no jurisdictional basis for the Commission to hear the Application, or to grant the relief sought by the IFBC. They also argue that the IFBC does not have standing under the Act to bring this Application.

[6] The IFBC takes the position that a hearing panel of the Commission has jurisdiction under the Act to hear this Application pursuant to sections 21.7, 21.1(4) and 144 of the Act. Further, the IFBC argues that, on behalf of its membership, it has standing to bring the Application as a person or company directly affected by the By-Law.

[7] Accordingly, at the commencement of the hearing, we requested that the parties make submissions as to whether the Application should be dismissed on the basis that a hearing panel of the Commission does not have jurisdiction to hear and determine the matter raised in the Application, and/or that the IFBC does not have standing to bring the Application.

[8] We are considering this preliminary matter below, in order to determine whether we should proceed with a full hearing and determination of the Application. We did not hear counsel's submissions with respect to the merits of the Application at the hearing.

II. APPLICATION

[9] In the Application, the IFBC argues that the By-Law unduly compromises the right of a respondent to natural justice and procedural fairness, and is therefore contrary to the Act and the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22 ("SPPA"). The IFBC argues that section 24.3.1 of the By-Law by-passes fundamental principles of natural justice by permitting hearings without notice for the stated purpose of protecting the public interest, and further that unlike the regime under the Act, there is "no appropriate balancing of the interests of a respondent to natural justice and procedural fairness with the need to obtain interim and temporary relief on an urgent basis to protect the public in the appropriate case".

[10] The IFBC submits that it is in the public interest for the Commission to hear and determine this Application. The IFBC argues that the public interest in "effective and responsive regulation invokes the duty of the Commission to address a problem with an important rule of an SRO on a policy level" in the context of the Application, rather than "rely on the exigencies of a respondent subject to a hearing without notice under the By-Law Amendment potentially advancing the issue to the Commission level in the context of a contested enforcement hearing process".

[11] As noted above, we have determined that it would be most judicious and efficient to determine both the jurisdictional issue and the issue of the IFBC's standing under the Act as a preliminary matter, before proceeding with the balance of the hearing on the merits of the Application.

III. SUBMISSIONS BY THE PARTIES ON JURISDICTION AND STANDING

A. Submissions by the IFBC

[12] The IFBC takes the position that as a hearing panel of the Commission, we have jurisdiction to hear this Application under sections 21.7, subsection 21.1(4), and section 144 of the Act. Further the IFBC submits that it is authorized to bring the Application under the Act.

[13] The IFBC argues that the Commission has an overriding supervisory power with respect to SROs, and further that pursuant to subsection 21.1(4) the Commission may "make any decision with respect to any by-law" of an SRO. The IFBC also submits that subsection 21.1(4) should be interpreted broadly, that the subsection contains no restriction which prevents the Commission from relying on the subsection in the context of a hearing, and that the subsection does not restrict who may apply for a hearing.

[14] The IFBC does not suggest that it has an express right to a hearing under subsection 21.1(4) of the Act, but rather argues in its written submissions that a "broad interpretation of subsection 21.1(4) suggests that it is entirely within the discretion of the Commission to hear and decide this Application" and that "the determination of whether or not it is in the public interest that the Commission hears the Application rests on the merits of the Application itself and on the substance of the By-Law Amendment". The IFBC asserts that it is in the public interest that we hear this Application.

[15] In addition to subsection 21.1(4) of the Act, the IFBC contends in its written submissions that it enjoys a "statutory right of application" under section 144 of the Act. The IFBC submits that the wording of section 144 implies a less stringent standard as to standing than section 21.7, because the section allows an applicant to seek relief from the Commission where they are "affected" rather than "directly affected". In its written reply to the submissions by Staff and the MFDA, the IFBC asserts that the use of the term "affected" indicates that the "applicant need not be immediately or automatically affected".

[16] Also in its written reply, the IFBC states that section 144 provides a "method by which the Commission can adequately address the legitimate concerns of a party affected by a rule or by-law whose concerns were not addressed prior to approval". The IFBC submits that the wording of section 144 is broad enough to allow us to vary or revoke an administrative policy decision made by the Commission as a whole; though in the past section 144 has been used to vary or revoke decisions made by hearing panels. The IFBC further submits that section 144 "requires only that the order made under the section not be prejudicial to the public interest and does not place any further limits on the circumstances under which an order can be made". In addition, the IFBC asserts that section 144 can work in tandem with subsection 21.1(4), so that section 144 creates a procedure by which an Applicant can request that the Commission exercise its powers under subsection 21.1(4).

[17] In his oral submissions, counsel for the IFBC summarized the IFBC's position in regards to our jurisdiction and its standing to bring this Application:

> However, we would concede that the avenue pursuant to which a party, such as this, bring this issue forward is not clearly set out in the Act … the type of issue that's being raised today is essentially a policy issue in legality … [that] is not a process that's contemplated under the enforcement provisions under [section] 127 of the Act, and it's not a process that's specifically contemplated through the rule making and review provisions of the Act. However, in my submission, the overriding supervisory jurisdiction of this Commission over the self-regulated organizations does give you the jurisdiction to hear this application, and in my submission what this, the question of standing really boils down to is whether the Commission in its discretion concludes that this isn't an application that it should hear and I say that because there is, in my submission, clearly jurisdiction to hear it if you choose to do so.

[18] Counsel states that in deciding whether or not to exercise our discretion to hear this Application, we should consider whether or not "the issue that's being raised is a sufficiently important issue to warrant a hearing" and that we may conduct a "preliminary assessment as to whether there appears to be merit" to the Application.

B. Submissions by the MFDA and Staff

[19] The MFDA and Staff submit that, as hearing panel of the Commission, we do not have jurisdiction to review a decision by the Commission to approve a by-law of a self-regulatory organization ("SRO").

[20] Counsel for the MFDA argues that the IFBC is seeking to challenge "a purely administrative act" and that "there is a bias in administrative law in general against the challenge of purely administrative acts" absent clear jurisdiction under the authorizing legislation. Counsel for the MFDA states that because we are a statutory body, we do not have a general equitable or inherent jurisdiction similar to that of courts, and that our public interest jurisdiction is "simply a guide to the exercise of jurisdiction that is otherwise conferred … by the legislature under the Act".

[21] Counsel for the MFDA characterizes the Application as akin to a reference question as found under section 53 in the *Supreme Court Act*, R.S.C. 1985, c. S-26 and reminds us that the Act does not contemplate such a procedure. The MFDA also submits that subsection 21.1(4) does not provide us with "clear jurisdiction" to hear the Application, and that the powers contemplated under the subsection can only be exercised by us if there was a clear grant under the Act authorizing a hearing panel to do so.

[22] The MFDA contends that section 144 does not provide us with an avenue by which we may exercise the powers contemplated by subsection 21.1(4) of the Act. In its written submissions, the MFDA states that section 144 "operates in very limited circumstances", that the section has been "employed for discrete transactions, for example to revoke or vary cease trade orders or to allow rent to be paid after a freezing order". The MFDA argues that the IFBC is not "affected" by the Commission's decision to approve the By-Law in any event. The MFDA further argues that while the IFBC may be interested in the By-Law amendment, it is not an affected party because the By-Law has no direct impact on it.

[23] Staff takes a position similar to that taken by the MFDA with regards to subsection 21.1(4) of the Act. Staff submits that unlike section 21.7 of the Act, the subsection does not contemplate a process by which a hearing panel might exercise the powers under the subsection, and that it would be inappropriate for us to read in such a function.

[24] Staff also submits that the IFBC does not have standing to bring the Application under section 144 of the Act. In its written submission, Staff states that the use of section 144 for applications such as the one before us, will "lead to uncertainty in the by-law and rulemaking between [self-regulatory organizations] and securities regulators across the country".

[25] Similar to the MFDA, Staff also takes the position that the IFBC is not "affected" as contemplated by section 144 of the Act. In its written submissions, Staff contends that in order to be affected there must be a "certain degree of nexus between the By-Law approved by this Commission beyond an indirect, contingent and speculative interest", and that the term should provide a gatekeeper function so as to ensure that "anyone who articulates an interest in any Commission decision" does not automatically gain full standing to seek a variance or revocation of a past decision by the Commission.

IV. ANALYSIS

[26] We consider our jurisdiction to hear this Application, as well as whether or not the IFBC has standing to bring this Application, under section 21.7, subsection 21.1(4), and section 144 of the Act, below.

A. Section 21.7 of the Act

[27] In its written submissions, the IFBC asserts that we have the discretion to quash the decision of the Commission approving the amendment of MFDA By-law No. 1, pursuant to section 21.7 of the Act.

[28] In order to determine whether the Commission has jurisdiction to proceed with this hearing pursuant to section 21.7 of the Act, the Commission must determine: 1) whether the decision of the Commission approving the By-Law is a decision "made under" a by-law of an SRO and, if so, 2) whether the Applicant is "directly affected" by the decision.

[29] Section 21. 7 reads as follows:

> Review of decisions
>
> 21.7 (1) The Executive Director or a person or company *directly affected by*, or by the administration of, a direction, decision, order or ruling *made under a by-law*, rule, regulation, policy, procedure, interpretation or practice of a recognized stock exchange, recognized self-regulatory organization, recognized quotation and trade reporting system or recognized clearing agency may apply to the Commission for a hearing and review of the direction, decision, order or ruling. 1997, c. 19, s. 23 (5).
>
> [Emphasis added]

[30] The MFDA and Staff contend that section 21.7 cannot be relied upon by the IFBC. They contend that the IFBC is not a "directly affected" person or company, and that the IFBC is not seeking a hearing to a review a decision made by the MFDA under a by-law as is contemplated by the section.

[31] We agree that section 21.7 is not applicable to this Application. The IFBC is asking us to review a decision by this Commission to approve amendments to the MFDA's By-Law, not to review a decision of the MFDA made under the By-Law. The Commission's approval of the By-Law is not a decision made under a by-law of an SRO. Rather, it is a decision of the Commission. Until each of the seven commissions of the seven recognizing regulators approved the By-Law, it was not

operative. The Commission's approval of the By-Law cannot be reasonably interpreted as a reviewable decision made under the very By-Law it was approving.

[32] Furthermore, in its written reply submissions to the MFDA and Staff's written submissions, the IFBC conceded that "the relevant case-law indicates that [the IFBC] is likely not 'directly affected' by the Commission's approval of the By-Law Amendment". During this hearing counsel for the IFBC was even more explicit, stating the following: "we would acknowledge that this section is not the right section to bring this type of issue forward".

[33] In order to rely on section 21.7 of the Act, a person or company must demonstrate that it is "directly affected", that is, it must establish a direct nexus and causal connection between the conduct or act and the harm or wrongdoing.

[34] In *Instinet*, a group of SROs sought to oppose the Director's decision to grant registration status to Instinet as an international dealer. The Commission refused to grant standing to the group. In considering the SROs' right to participate in the hearing, the Commission considered the nexus required by the term "directly affected" and held:

> The words "directly affected" in subsection 8(2) of the Act should be interpreted in light of all of the relevant circumstances. The interpretation to be given to the words in the context of a decision relating to a take-over bid may well be different than in the context of a registration decision. In each case under subsection 8(2), in determining standing, the Commission must look at the nature of the power that was exercised, the decision that was made, the nature of the complaint being made by the person requesting the hearing and review and the nature of that person's interest in the matter.
>
> (*Instinet Corp., Re*, (1995) 18 O.S.C.B. 5439 at p. 5446)

[35] In denying standing to the SROs the Commission stated:

> In the *Finlay* case there is a discussion at p. 622 of the concepts of directness and causal relationship.
>
> > The term "nexus" is used in a more general sense in other cases, such as *Linda R.S. v. Richard D.*, 410 U.S. 6'4 (1973), to refer to the causative relationship that most exist between the injury or prejudice complained of and the action attacked. The action attacked must have been a cause of the injury or prejudice complained of, and the plaintiff must have a personal stake in the outcome of the litigation - that is, stand to benefit in his personal interests from the relief sought.
>
> If the Canadian exchanges are affected by the Director's decision to register Instinet U.S. in our view they are only indirectly affected. In order to be "directly affected" in the registration context, the Director's decision to register Instinet U.S. would have to be the cause of fragmentation. The main concern of the Canadian exchanges appeared to be that if institutional investors see a better price on the instinet screen for securities that are listed on one of those exchanges, they may take steps to trade them through the Instinet system outside of Canada. In the event that any fragmentation occurs, which is at this stage speculative, it would require a number of intervening steps, including actions outside the control of instinet U.S. by investors. While it is possible that some fragmentation may be a consequential result, it is not a direct effect of the registration.
>
> (*Instinet Corp., Re*, *supra* at pp. 5446 and 5447)

[36] In *Reuters Information Services (Canada) Ltd.*, the Commission denied standing on the basis that the applicant was not directly affected as there must be an immediate or automatic effect on the applicant which is not speculative and contingent on future actions (*Reuters Information Services (Canada) Ltd., Re*; (1997) 20 O.S.C.B. 2277 at para. 29).

[37] The IFBC is an industry lobby group that is not directly affected by the By-Law. Its interest is general, not individual or specific (See *Canadian Civil Liberties Assn. v. Ontario Civilian Commission on Police Services* (2006) 275 D.L.R. (4th) 744 (Ont. C.A.) at para. 8; leave to appeal denied [2007] S.C.C.A. No. 4). Further, its interest at this stage is speculative and contingent upon a possible future application of the By-Law to one of its individual members/approved persons.

[38] Although not binding on this Commission, we take note of the comments made by the Alberta Court of Appeal in *C.U.P.E. Local 30 v. Alberta (Public Health Advisory and Appeal Board)*, where it stated:

> In our view, the Chamber Judge was correct in upholding the decision of PHAAB to give the words "directly affected" the common law interpretation enunciated by Lord Hobhouse in *Re Endowed Schools Act*, [1898] A.C. 477 (P.C.) at 483 where he stated:
>
> > That term points to a personal and individual interest as distinct from the general interest which appertains to the whole community ...
>
> This court has previously held that it is necessary to interpret reasonably the term "affected" to make an Act having a right of appeal workable: *Pension Fund Properties Ltd. v. Calgary (City)* (1981), 127 D.L.R. (3d) 477. The phrase "directly affected" must mean something more than "affected". However, it cannot be given an expanded meaning simply by virtue of expanding social consciousness: *Canada (Attorney General) v. Mossop* (1993), 100 D.L.R. (4th) 658(S.C.C.).
>
> In our view, the inclusion of the word "directly" signals a legislative intent to further circumscribe a right of appeal. When considered in the context of the regulatory scheme, it is apparent that the right of appeal is confined to persons having a personal rather than a community interest in the matter.
>
> (*C.U.P.E. Local 30 v. Alberta (Public Health Advisory and Appeal Board)* 34 Admin. L.R. (2d) 172 (Alta. C.A.) at paras. 18 and 19)

[39] Finally, the IFBC seeks a formal hearing and review of the decision of the Commission approving the MFDA By-Law. As a result, the Application cannot be brought under section 21.7 as that section concerns a decision by an SRO and not a decision by the Commission.

[40] Accordingly, we are satisfied that the IFBC is unable to satisfy the above requirements in relation to the Commission's approval of the By-Law which is the foundation for the Application brought pursuant to section 21.7 of the Act.

B. Subsection 21.1(4) of the Act

[41] The IFBC also asserts that we have jurisdiction to hear the Application pursuant to the Commission's supervisory powers with respect to SROs. The Commission's supervisory powers are set out under section 21.1 of the Act:

> **Self-regulatory organizations**
>
> 21.1 (1) The Commission may, on the application of a self-regulatory organization, recognize the self-regulatory organization if the Commission is satisfied that to do so would be in the public interest. 1994, c. 11, s. 358.
>
> **Same**
>
> (2) A recognition under this section shall be made in writing and shall be subject to such terms and conditions as the Commission may impose. 1994, c. 11, s. 358.
>
> **Standards and conduct**
>
> (3) A recognized self-regulatory organization shall regulate the operations and the standards of practice and business conduct of its members and their representatives in accordance with its by-laws, rules, regulations, policies, procedures, interpretations and practices. 1994, c. 11, s. 358.
>
> **Commission's powers**
>
> (4) The Commission may, if it is satisfied that to do so would be in the public interest, make any decision with respect to any by-law, rule, regulation, policy, procedure, interpretation or practice of a recognized self-regulatory organization. 1994, c. 11, s. 358.

[42] As stated above, the IFBC submits that subsection 21.1(4) should be interpreted broadly, and that the subsection "places no restriction on the Commission as to when or how it can make a decision with respect to a by-law … of a recognized self-regulatory organization". The IFBC suggests that given the merits of the Application, it is in the public interest that we hear the Application.

[43] We do not agree with the position advocated by the IFBC. The IFBC is seeking to quash an administrative act of the Commission and not an adjudicative decision, and accordingly, there must be clear jurisdiction under the Act to permit such a challenge. While subsection 21.1(4) grants the Commission the jurisdiction to make a decision with respect to a by-law of an SRO such as the MFDA, we find that the subsection does not contemplate a procedure by which a hearing panel of the Commission can exercise such powers as in section 21.7 and 144 of the Act. Subsection 21.1(4) does not provide an automatic right to a hearing.

[44] Hearing panels of the Commission act on the behalf of the Commission, and hence generally can exercise certain powers which are granted to the Commission under the Act. However, it is within the discretion of hearing panels to decide whether or not it is appropriate to exercise any of those powers, where the Act does not stipulate the context in which the powers are to be exercised.

[45] Although the Commission has held in *Re TSX Inc.* that it has an overriding supervisory power with respect to SROs, this is not a case where the Commission should exercise its overriding authority under subsection 21.1(4) of the Act (see *TSX Inc., Re*; (2007) 30 O.S.C.B. 8917). The supervisory powers granted to the Commission under this subsection should not be exercised in an adjudicative context on an issue such as the one in this case, in the absence of appropriate standing to bring the matter forward.

[46] The Commission's responsibility to supervise SROs such as the MFDA is an important element of the regulatory structure created by the Act, and aside from the review of specific decisions made by SROs as provided for by section 21.7, this supervisory role is best carried out by the Commission as a whole.

C. Section 144 of the Act

[47] The IFBC contends that section 144 of the Act provides it with a "statutory right of application". Section 144 of the Act reads as follows:

> **Revocation or variation of decision**
>
> 144. (1) The Commission may make an order revoking or varying a decision of the Commission, on the application of the Executive Director or a person or company affected by the decision, if in the Commission's opinion the order would not be prejudicial to the public interest. 1994, c. 11, s. 380.

[48] The IFBC submits that the use of the term "affected" rather than "directly affected" as in section 21.7, implies a less stringent standard such that the applicant need not be immediately affected. The IFBC states that its members are affected for the purposes of section 144 because they are subject to the amended MFDA By-Law. However, the IFBC was unable to refer us to a case in which the MFDA relied upon section 24.3 of the By-Law as amended and in so doing breached an affected party's rights to procedural fairness.

[49] The IFBC also submits that section 144 provides a procedural avenue by which we may exercise the Commission's supervisory jurisdiction set out in subsection 21.1(4).

[50] It is our view that section 144 of the Act operates in limited circumstances and should not be used for the purpose proposed by the IFBC. Section 144 of the Act is mostly relied upon to make changes to existing Commission Orders, most often in the context of temporary orders or exemptions in take-over bid applications, where new facts come to light or a new law is enacted which would change the effect of the initial order.

[51] Further, we note that in *Re Universal Settlements International Inc.*, (2003) 26 O.S.C.B. 2345 at para. 20, when considering a section 144 application the Commission stated the following:

> The decision to issue staff Notice 44 was not a decision of the Commission. We do not believe that section 144 gives us the authority to purport to revoke or vary that notice. But if it did, we would not do so because we believe that staff notices, which have no legal standing and are issued by staff, should be decided by staff. *Even Commission policy statements, which have no legal binding nature, are only issued after debate and consideration by the Commission as a whole, and should not be changed by a panel on a section 144 application.*
>
> [Emphasis added]

[52] Without coming to a conclusion on the general scope of section 144, we find that it is not available to the IFBC in this proceeding. As noted in our discussion of subsection 21.1(4) above, we do not believe that it is in the public interest for a hearing panel to review a policy decision made by the Commission as a whole.

[53] Furthermore, we are not convinced that the IFBC is "affected" for the purposes of section 144, and consequently that it has standing to bring an application under the section. While we agree that the threshold of "affected" is lower than the "directly affected" threshold found in section 21.7, there must still be some nexus between the Commission's decision and the applicant. While there is a possibility that members of the IFBC could become subject to proceedings by the MFDA under section 24.3 of MFDA By-Law No. 1 and thus be affected, the potential alone is not sufficient to bring an application.

V. CONCLUSION

[54] For the above reasons we find that we cannot hear and determine the Application brought by the IFBC. That is not to say however, that a hearing panel of the Commission could not hear an application under section 21.7, in which an applicant in the context of specific facts challenges the legality of the By-Law.

[55] Consequently, it is not necessary to consider the merits of the Application. The Application is hereby dismissed.

Dated at Toronto this 27th day of October, 2009.

"Mary G. Condon"

"David L. Knight"

"Paulette L. Kennedy"

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Sprylogics International Corp.	02 June 09	15 June 09	15 June 09		
Strategic Resource Acquisition Corporation	23 Sept 09	05 Oct 09	05 Oct 09		
Coalcorp Mining Inc.	07 Oct 09	19 Oct 09	19 Oct 09		

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Chapter 6

Request for Comments

6.1.1 Proposed Amendments to NI 24-101 Institutional Trade Matching and Settlement and Companion Policy 24-101CP Institutional Trade Matching and Settlement

NOTICE AND REQUEST FOR COMMENTS

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 24-101
***INSTITUTIONAL TRADE MATCHING AND SETTLEMENT* AND**
COMPANION POLICY 24-101CP *INSTITUTIONAL TRADE MATCHING AND SETTLEMENT*

I. Introduction

The Canadian Securities Administrators (the CSA or we) are publishing for comment proposed amendments to National Instrument 24-101 *Institutional Trade Matching and Settlement* (NI 24-101 or the Instrument) and Companion Policy 24-101CP *Institutional Trade Matching and Settlement* (Companion Policy or CP).

The key part of the amendments to the Instrument would extend, from July 1, 2010 to July 1, 2015, the date on which the requirement to match DAP/RAP trades[1] no later than midnight on trade date (T) comes into effect. We are also proposing to extend, for a transition period of two years, the current deadline for matching DAP/RAP trades from noon on the business day following T (T+1) to 2 p.m. on T+1. Other proposed amendments to the Instrument would change the documentation and exception reporting requirements and clarify certain definitions and other provisions in the Instrument.

The text of the proposed amendments to the Instrument is contained in Annex A of this notice and will also be available on websites of CSA jurisdictions, including:

www.lautorite.qc.ca
www.albertasecurities.com
www.bcsc.bc.ca
www.gov.ns.ca/nssc
www.nbsc-cvmnb.ca
www.osc.gov.on.ca
www.sfsc.gov.sk.ca
www.msc.gov.mb.ca

The corresponding amendments to the CP are contained in Annex C of this notice and will be available on the same websites.

We are publishing the proposed amendments for comment for 90 days. The comment period will expire on January 28, 2010. See below under "VIII. How To Provide Your Comments".

II. Background

NI 24-101's primary objective is to expedite the pre-settlement confirmation and affirmation process—or *matching* —of an institutional trade. Registered firms trading for or with an institutional investor must have policies and procedures designed to match a DAP/RAP trade as soon as practical after the trade is executed, but no later than noon on T+1.

The Instrument had originally provided for transitioning the deadline to midnight on T on July 1, 2008.[2] However, in April 2008 the CSA agreed to defer the transition to the midnight on T deadline to July 1, 2010. This decision was made after concerns were expressed by industry stakeholders about the overall readiness of the Canadian capital markets to comply with the midnight on T deadline. It became apparent that industry participants from all sectors (sell side, buy side and custodians)

[1] A DAP/RAP trade is a trade executed for a client account that permits settlement on a delivery against payment or receipt against payment basis through the facilities of a clearing agency, and for which settlement is made on behalf of the client by a custodian other than the dealer that executed the trade. See definition of "DAP/RAP trade" in section 1.1 of the Instrument.

[2] The Instrument and CP came into force on April 1, 2007, and became fully effective on October 1, 2007. See CSA Notice of NI 24-101 and CP dated January 12, 2007 (2007) 30 OSCB 335.

needed more time to allow their middle and back-office processes to evolve to real-time processing before any move to matching by midnight on T could be achieved.

When we announced our decision to postpone the midnight on T deadline in April 2008, we noted that this would allow us to better assess the industry's overall matching performance in a noon on T+1 environment and review the Instrument and CP, including revisiting the timing for implementing the midnight on T deadline.

1. Assessment of industry institutional trade matching performance

CSA staff have been monitoring the industry's institutional trade matching (ITM) performance since the implementation of the Instrument in 2007. We have reviewed the ITM data provided quarterly under the Instrument by registered firms, CDS Clearing and Depository Services Inc. (CDS) and matching service providers (MSUs). Registered firms must complete and deliver an "exception report" on Form 24-101F1 for any calendar quarter in which less than a certain percentage of their executed DAP/RAP trades were matched by the specified deadline (exception reporting requirement).[3] A clearing agency (through which trades governed by the Instrument are cleared and settled) and an MSU are required to provide quarterly ITM data on Form 24-101F2 and Form 24-101F5 respectively.[4]

We have also continued our discussions with market participants, service providers, industry groups and other stakeholders. This included meetings of the CSA-Industry Working Group on NI 24-101 (Working Group) that was formed in May 2007 to act as an advisory group for the CSA in identifying and resolving issues in relation to NI 24-101.[5] In addition, we have been monitoring global ITM and other clearing and settlement developments.

The findings from our analysis of the data, stakeholder discussions, and other relevant information will be published early next year in a report of CSA staff on industry compliance with NI 24-101 (CSA Staff Report on NI 24-101). We discuss some of our preliminary findings below.

(a) Overall impact of NI 24-101

In April 2008 we stated that the Instrument had successfully encouraged market participants to address ITM middle and back-office problems and generally improve their clearing and settlement processes and systems since 2004.[6] We were advised by industry groups that many processes were being re-engineered and becoming automated, resulting in efficiency gains and straight-through processing (STP).

Our review of the ITM data and stakeholder discussions confirm that NI 24-101 has encouraged market participants to improve ITM middle and back-office functions in the Canadian capital markets. Overall ITM rates at T and T+1 have improved significantly since April 2004, when the Instrument was first published for comment.[7] See Table 1 below.

The combined equity and debt industry ITM rate at midnight on T improved from 2.98% in April 2004 to 48.24% in June 2009, representing an increase of over 45 percentage points. The ITM rate at midnight on T+1 also improved significantly, from 47.14% in April 2004 to 90.85% in June 2009, representing an increase of almost 44 percentage points. Moreover, the industry ITM rate at noon on T+1 increased from 61.89% in June 2007 (when CDS first began measuring ITM rates at noon on T+1) to 85.18% in June 2009, representing an increase of over 23 percentage points during this two year period.

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3 See Part 4 and subsection 10.2(3) of NI 24-101, read together with Ontario Securities Commission Rule 24-502 – *Exemption from Transitional Rule: Extension of Transitional Phase-in Period in National Instrument 24-101 – Institutional Trade Matching and Settlement* and related blanket orders granted in other CSA jurisdictions (see CSA Notice 24-307).

4 See Part 5 and subsection 6.4(1) of NI 24-101.

5 The Working Group includes representatives of sell side, buy side and custodian firms, industry associations, the Investment Industry Regulatory Organization of Canada (IIROC), CDS and CSA staff. See CSA Staff Notice 24-304—*CSA-Industry Working Group on National Instrument 24-101*, dated July 6, 2007.

6 See CSA Notice 24-307.

7 NI 24-101 was first published for comment on April 16, 2004, together with CSA Discussion Paper 24-401 on Straight-through Processing and Request for Comments (CSA Discussion Paper 24-401). See (2004) 27 OSCB 3971. As the Instrument only came in force in April 2007, it is more accurate to say that it was the prospect of the Instrument coming into force that likely encouraged market participants to address ITM middle and back-office problems since April 2004.

Table 1
Overall Combined Debt and Equity ITM Performance
(based on 3-month rolling monthly average of number of trades entered at CDS and matched during month)

Month/ Year	% trades matched by 11:59 PM on T	% trades matched by 11:59 AM on T+1	% trades matched by 11:59 PM on T+1	% trades matched by 11:59 AM on T+2	% trades matched by 11:59 PM on T+2	% trades matched by 11:59 PM on T+3
April 2004	2.98	[not available]	47.14	[not available]	78.73	97.94
April 2007	14.32	[not available]	65.69	[not available]	85.47	97.26
June 2007	23.48	61.89	74.27	[not available]	89.13	97.47
September 2007	25.18	64.81	76.31	[not available]	90.29	97.95
September 2008	34.96	80.94	87.00	91.42	93.92	97.89
January 2009	48.11	84.91	90.36	93.82	95.35	98.58
June 2009	48.24	85.18	90.85	94.17	95.74	98.84

Source: CDS Clearing and Depository Services Inc. and CAPCO study.

One of the early rationales for the Instrument was to close the competitive gap with the U.S. industry in terms of STP and T+1 settlement preparedness.[8] The original *CAPCO* study[9] commissioned by the industry in 2004 had assessed Canada to be approximately 14 months behind the U.S. in STP/T+1 settlement readiness.[10] Some stakeholders have suggested that the Canadian industry's current ITM rates are now closer to those of the U.S.

(b) Ongoing issues with meeting ITM targets

Despite significant progress since 2004, the industry is having difficulties with achieving NI 24-101's current noon on T+1 matching target of 90%. The data shows that the industry's progress towards achieving the current ITM target has slowed down in the last 15 months. See Table 2 below.

8 See CSA Discussion paper 24-401, at p. 3980 and 3984.

9 Assessment of Canada's STP/T+1 Readiness and a Comparison of Canada's vs. United States' T+1 Readiness --STP/T+1 Readiness Assessment Report for Canada, CAPCO final report, July 12, 2004.

10 See CSA Notice 24-301 – *Responses to Comments Received on Discussion Paper 24-401 on Straight-through Processing, Proposed National Instrument 24-101 Post-trade Matching and Settlement, and Proposed Companion Policy 24-101CP to National Instrument 24-101 Post-trade Matching and Settlement*, (2005) 28 OSCB 1509, at p. 1510.

Table 2
Overall Equity ITM Match Rates
(based on 3-month rolling monthly average of number of trades entered at CDS and matched during month)

Month/ Year	% trades matched by 11:59 PM on T	% trades matched by 11:59 AM on T+1	% trades matched by 11:59 PM on T+1	% trades matched by 11:59 AM on T+2	% trades matched by 11:59 PM on T+2	% trades matched by 11:59 PM on T+3
June 2007	22.56	64.72	77.07	[not available]	90.78	97.36
September 2007	22.42	65.08	76.37	[not available]	90.48	97.68
December 2007	27.23	72.96	81.51	[not available]	90.93	96.71
March 2008	32.32	78.44	85.88	[not available]	93.76	97.96
June 2008	32.7	81.09	87.02	91.74	94.2	98.04
September 2008	32.04	80.59	86.74	91.4	93.97	97.84
December 2008	41.29	82.18	88.18	92.39	94.17	98.03
March 2009	42.51	85.40	91.12	94.93	96.43	99.15
June 2009	46.55	85.86	91.42	94.71	96.18	98.90
August 2009	44.88	86.12	91.10	94.47	95.82	98.57

Source: CDS Clearing and Depository Services Inc.

The industry average rates of trades *entered (submitted)* by investment dealers into CDS in August 2009 are just below 91% at noon on T+1 and below 74% on T. However, the *match* rates for equity trades at noon on T+1 remain behind the *enter* rates by approximately 5 percentage points.

Most registered firms that are active in the DAP/RAP institutional markets appear to have challenges in meeting the current target, although our impression from our discussions with industry stakeholders is that they are making concerted efforts to meet the target. Moreover, based on the data and our discussions, the industry will be far from ready to meet the Instrument's midnight on T deadline commencing in July 2010.

While dealers have made important strides in entering their trades at CDS on a timely basis, more trades need to be reported earlier in the day on T, giving counterparties additional time to match trades before noon on T+1 or resolve trade matching exceptions earlier. We believe that, in order to meet the noon on T+1 deadline, dealers should be *entering* substantially all of their DAP/RAP trades by end of business on T. Similarly, investment managers and custodians must complete their ITM processes by matching their trades sooner.

We are therefore reconsidering the timing for imposing the move to matching on T.[11] Any benefits from moving to matching on T that were originally contemplated, such as reduction in operating costs and risks, may not be gained in a cost-effective manner without an extension of the transitional phase-in period.

[11] The decision to make NI 24-101 a rule was significantly influenced by international factors in the early 2000s, including a recommendation of the Group of Thirty in 2003 that market participants should collectively develop and use compatible and industry-accepted technical and market-practice standards for the automated confirmation and agreement of institutional trade details on T. See *Global Clearing and Settlement: A Plan of Action*, report of the G-30 dated January 23, 2003; Recommendation 5: Automate and Standardize Institutional Trade Matching.

We are of the view that a more realistic goal in the current environment may be for a 90% ITM rate to be achieved *at some mid-point* during the day on T+1. This goal would be consistent with a 2001 joint-recommendation of the Committee on Payment and Settlement Systems (CPSS) and the Technical Committee of the International Organization of Securities Commissions (IOSCO) that called for a high percentage of institutional trades to be confirmed by no later than T+1.[12] Of course, our view assumes that there will be no global movement on the horizon to shorten the standard T+3 settlement cycle to T+1.

(c) International ITM developments

Recent global financial events have highlighted the importance of the policy objectives for imposing more timely and efficient ITM and settlement processes. However, while in certain other markets there have been improvements in automated ITM and clearance and settlement processes and ongoing discussions on shortening settlement cycles, we are not aware of any definitive plans to shorten the standard T+3 settlement cycles in other markets.[13]

(d) Infrastructure support for ITM

We believe that a majority of dealers and advisers that actively trade on a DAP/RAP basis in Canada are unable to match 90% of their institutional equity trades by noon on T+1 due in part to industry-wide infrastructure issues. This in turn directly impacts the adequacy of their ITM policies and procedures.

We have found examples where the infrastructure did not support more timely ITM processing or adequately provide the means to facilitate measuring a firm's ITM performance. A case in point is the current industry-wide ITM processing cycle.

Most market participants are prevented from completing their ITM processes after 7:30 p.m. until late in the evening on T. In many cases, we have found that trade instructions, including allocations, are merely held or "parked" within the systems of trade-matching parties, CDS and service providers until the morning of T+1, even though trade matching is still possible after the markets close (generally 4:30 p.m.) until 7:30 p.m. on T. Every business day at 7:30 p.m. Eastern Time (ET) (the CDS 7:30 p.m. cut-off time) until almost the end of the day on T, CDS' clearing and settlement system is shut down for batch processing. It is therefore impossible for matching to occur during this period. As a result,

- trade date (T) for the purposes of processing DAP/RAP trades in Canada seems to effectively end at the CDS 7:30 p.m. cut-off time, although transactions can continue to come in to CDS, and
- the processing schedules of trade-matching parties, CDS and service providers may be problematic, especially for investment managers of modest size who rely more on end-of-day batch processing and can only send out settlement instructions after 4:30 p.m. on T, when other trade-matching parties may have already wound down their operations for the day.

If processing could continue beyond the CDS 7:30 p.m. cut-off time until later in the evening, more trade-matching parties and their service providers might be willing to tighten their policies and procedures, including shifting their resources and reconfiguring their systems, to complete the ITM processes in the evening of T rather than in the morning of T+1.

We have also found that many dealers are unable to track or segregate their DAP/RAP trades originating from non-western hemisphere clients or counterparties, from those coming from western hemisphere clients or counterparties. This is because CDS and back-office service providers do not facilitate the tracking of this information. Under the Instrument, if a trade results from an order to buy or sell securities received from an institutional investor whose investment decisions are usually made in

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[12] See *Recommendations for securities settlement systems* - Report of the Committee on Payment and Settlement Systems and Technical Committee of the International Organization of Securities Commissions, dated November 2001 (the CPSS-IOSCO report); Recommendation 2 – Trade confirmation: "Confirmation of trades between direct market participants should occur as soon as possible after trade execution, but no later than trade date (T+0). Where confirmation of trades by indirect market participants (such as institutional investors) is required, it should occur as soon as possible after trade execution, preferably on T+0, but no later than T+1." CPSS and IOSCO subsequently suggested that "a high percentage" of trades means 90% or more. See *Assessment methodology for "Recommendations for securities settlement systems" - Report of the Committee on Payment and Settlement Systems and Technical Committee of the International Organization of Securities Commissions*, dated November 2002, at p. 7.

[13] While we are not aware of concrete plans to shorten settlement cycles, there have been recent calls to shorten the settlement cycle. See, for example, *Euromoney Magazine*, "US equity market – Short selling: The naked truth", Helen Avery, December 1, 2008, at www.euromoney.com.: "However, settlement is faster in Europe than in the US. It is surprising that the US still operates a T+3 system. Robert Greifeld, chief executive of Nasdaq, questioned the system in March this year at a conference when, in reference to fails to deliver, he said it was hard to believe that in 2008 the market still required three days to settle, and that a T+1 system should be part of a discussion about fails." Also, a recent IOSCO report highlights the 2001 CPSS-IOSCO recommendation that trades should be settled no later than T+3 as part of the standard settlement cycle and the benefits and costs of a standard settlement cycle shorter than T+3 should be evaluated. See IOSCO's *Regulation of Short Selling*, Final Report, June 2009, available at http://www.iosco.org/ (IOSCO Short Selling Report). We understand also that there are discussions among authorities in Europe to adopt a uniform T+2 settlement cycle for all European markets.

and communicated from a geographical region outside of the western hemisphere, the deadline for matching is extended by a day.[14]

This inability to track non-western hemisphere trades may have had an adverse effect on dealers' ITM performance, forcing some to needlessly complete and deliver quarterly exception reports on Form 24-101F1. We are told that CDS and service providers do not provide the necessary specific trade identifiers to enable dealers to track and segregate their non-western hemisphere trades from western hemisphere trades. If such specific trade identifiers were made available, certain dealers might be able to demonstrate that at least 90% of their trades in a quarter were matched by the deadline.

(e) Automation in ITM

We continue to believe that market participants should pursue further technology and processing improvements within the next five years. Consequently, we are of the view that we should maintain the midnight on T deadline as the ultimate goal in the Instrument. Canada's markets should aim for the midnight on T target even if that requires the industry to move to a new "technology paradigm". More specifically,

- The buy-side sector should consider augmenting their use of automation for front office functions to enable more timely post-execution operations.
- Dealers should continue their efforts to shift from end-of-day batch processing to more frequent intra-day or real time processing.
- Custodians should continue to support their clients in greater use of technology and other alternatives to improve the ITM process, including dissuading clients from manually handling their post-execution activities (e.g., using telephones, fax machines or e-mails to communicate trade details and settlement instructions).
- CDS and back-office service providers should consider modifying their systems in order to expand their processing schedules and accept and match trades after 7:30 p.m. on T and facilitate the means to accurately measure a firm's ITM performance.

We also believe that MSUs can play an important role in bringing all trade-matching parties together to expedite ITM processes. In the end, industry-wide automation and *inter-operability* will strengthen the efficiency and integrity of the securities clearing and settlement process and ultimately improve investor protection and the global competitiveness of the markets in Canada.

(f) Industry coordination and leadership

Industry coordination is critical to ensure steady progress towards timely ITM processes. The CSA had largely depended on the industry to identify what needs to be achieved across the industry and how to implement the various steps.[15] The Canadian Capital Markets Association (CCMA) had filled this role until it was de-commissioned in 2008.[16] It was founded in 2000 by the industry and had coordinated the industry's specific ITM initiatives by ensuring that a cross-section of sell side, buy side and custodial representatives were participating on various CCMA sub-committees and working groups.

2. Timely settlement of trades

Speedy and accurate ITM processes are an essential pre-condition to avoiding settlement failures in a T+3 settlement cycle environment.[17] According to CDS data, the value of accumulated fails as a percentage of the value of trades processed through the continuous net settlement (CNS) facilities of CDS has declined overall from about 3% in April 2007 (when the Instrument came in force) to about 1.5% in September 2009.

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14 See subsections 3.1(2) and 3.2(2).

15 See CSA Discussion Paper 24-401, at p. 3980.

16 See http://www.ccma-acmc.ca/ for more information on the CCMA. According to the CCMA, the "difficult decision to decommission the active management of the CCMA was taken by the [CCMA board of directors in April 2008] after careful consideration of the successful implementation and evolution of [NI 24-101] and the future needs of our industry". See *CCMA News*, Volume 30, August 2008, available at http://www.ccma-acmc.ca/en/files/CCMA%20News%20Volume%2030_online%20version.pdf.

17 See the CPSS-IOSCO report, at par. 3.10. See also CSA Discussion Paper 24-401, at p. 3995.

We believe that NI 24-101 may have contributed to the decline of the fails-to-deliver rates in Canada.[18] While more timely ITM policies and procedures do not necessarily avert all trade failures, they have a positive effect further down the transaction "value chain" in reducing the incidence of trade fails and associated costs.[19]

In addition to the ITM requirements, NI 24-101 contains a principle-based settlement rule that requires registered dealers to establish, maintain and enforce policies and procedures designed to facilitate settlement of trades by no later than the standard settlement date, which is typically T+3 (NI 24-101's settlement rule).[20]

While we are not proposing any amendments at this time to NI 24-101's settlement rule, a working group comprised of staff from a number of CSA jurisdictions and IIROC is currently assessing, among other things, whether Canada's trade settlement discipline regime may need to be strengthened in light of recent international developments.[21] This will include examining NI 24-101's settlement rule and determining whether it should be amended. In addition to comments that we are seeking in response to our questions in Section III of this Notice, we welcome views from stakeholders on whether our settlement discipline regime may need to be strengthened, including whether NI 24-101's settlement rule should be amended.

III. Summary of the Proposed Amendments to the Instrument

This Section of the Notice describes the amendments that we are proposing to make to the Instrument. Part 1 of this Section describes the key amendments, and includes a number of questions to which we seek specific responses or commentary from stakeholders to assist us in finalizing the amendments. The key amendments would require changes to the transition provisions in section 10.2 of the Instrument.

Part 2 of this Section describes other amendments that are intended to:

- lessen the regulatory burden of certain requirements of the Instrument,
- clarify certain provisions as a result of issues that were raised by stakeholders, including during the Working Group's discussions, and
- modify the ITM reporting requirements of clearing agencies and MSUs under the Instrument.

We welcome comments from stakeholders on all aspects of such amendments.

1. Key amendments

(a) Postponing for five years the midnight on T deadline

We propose to defer the requirement to match a DAP/RAP trade no later than the end of T by an additional period of five years. This requirement, which would have come in force on July 1, 2010, is now proposed to come in force on July 1, 2015.

However, we would propose to consider re-introducing the midnight on T matching deadline sooner than July 1, 2015 through subsequent amendments to the Instrument if circumstances were to change.[22] One possible change of circumstances would be a shortening in the global markets of standard T+3 settlement cycles.

Question 1: For what period should the requirement to match no later than the end of T be deferred? Should the requirement be deferred indefinitely until such time as global markets shorten their standard T+3 settlement cycles? Please provide your reasons.

During our ongoing consultations on NI 24-101, a number of stakeholders had expressed doubts about the need to move to matching on T because risk was not significantly reduced in moving from noon on T+1 to midnight on T. Some stakeholders

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18 IIROC has suggested that NI 24-101 may have had the effect of reducing the number of trade failures and the length of time that any failure remains outstanding and thus contributed to the declines in the value of accumulated fails as a percentage of trade value generally. See IIROC Notice 09-0037, February 4, 2009, *Recent Trends in Trading Activity, Short Sales and Failed Trades* and the IIROC report dated February 2009 *Recent Trends in Trading Activity, Short Sales and Failed Trades – For the Period May 1, 2007 to September 30, 2008*, at p. 51.

19 This is consistent with findings in other global markets. See, for example, *Building efficiencies in post-trade processing: the benefits of same-day affirmation*, June 2008, an economic study on the benefits associated with improvements in the trade verification process within the European Union markets (independent study undertaken by Oxera Consulting ltd. at the request of Omgeo).

20 See Part 7 of NI 24-101.

21 Among other developments, the IOSCO Short Selling Report includes a recommendation that regulation should "as a minimum requirement impose a *strict* settlement (such as compulsory buy-in) of failed trades".

22 Any subsequent proposed amendments to the rule would be subject to public comment as required by provincial and territorial securities legislation.

suggested that no other persuasive business reasons exist to match on T while we remain at a standard T+3 settlement cycle. They believe the investment cost and technology changes required are too large to justify any potential benefits at this time.

Question 2: We seek as much information as possible from stakeholders on the costs and benefits of the requirement to match a DAP/RAP trade no later than the end of T, including any available empirical data. What would be the benefits of moving to matching by midnight on T on July 1, 2015?

We refer to our discussion above on the CDS 7:30 p.m. cut-off time and the need for a specific trade identifier for non-western hemisphere trades (under "II. Background – 1. Assessment of industry institutional trade matching (ITM) performance – (d) Infrastructure support for ITM"). We believe that addressing these infrastructure issues will be necessary to assist the industry in moving to the midnight on T deadline on July 1, 2015.

Question 3: What are the costs and benefits of extending the current industry ITM processing times to allow market participants to process their trades beyond the CDS 7:30 p.m. cut-off time until late in the evening on T?

Question 4: What are the costs and benefits of having a specific industry-wide trade identifier to enable dealers to track and segregate their non-western hemisphere trades from western hemisphere trades?

(b) Extending the time at which matching must occur on T+1 by two hours

We propose to extend the noon on T+1 deadline to 2 p.m. on T+1 for an interim period of two years. Based on our review of some exception reports submitted under the Instrument, we believe that extending the current deadline by an additional two hours for two years may provide market participants with additional time to address delays and other ITM challenges that they are currently experiencing.

Question 5: Would extending the current requirement to match no later than noon on T+1 to a new deadline of 2 p.m. on T+1 help address current ITM processing delays and problems for the next two years?

2. Other amendments

(a) Amending the quarterly exception reporting requirement

Registered firms are required to complete and deliver an exception report on Form 24-101F1 for any calendar quarter in which less than a certain threshold percentage of their executed DAP/RAP trades were matched by the specified deadline (exception reporting requirement).[23] The current threshold percentage is 90% by noon on T+1. Under the applicable transitional provisions, the threshold percentage will increase gradually to 95% by midnight on T on January 1, 2012.

We believe the exception reporting requirement remains a useful tool for two reasons. First, it serves as a powerful incentive for registered firms to improve their matching rates and avoid the exception reporting requirement. Second, it provides the CSA with important information on how the industry is progressing with ITM policies and procedures. However, we are proposing a number of amendments to the exception reporting requirement at this time. We may consider additional amendments for comment in this area, including amendments to Form 24-101F1, after we publish the CSA Staff Report on NI 24-101. We welcome comments on how we should further amend the exception reporting requirement and Form 24-101F1.

(i) Exception reporting threshold percentages and timelines

As a result of the proposed amendments to defer the matching on T requirement and extend the noon on T+1 deadline to 2:00 p.m. on T+1, we are proposing consequential transitional amendments to the provisions governing the exception reporting requirement so that exception reporting would only be required in the following circumstances:

[23] See Part 4 and subsection 10.2(3), as modified in June 2008 by local orders of the CSA jurisdictions exempting registered firms from the transitional provisions in NI 24-101 and extending the transitional period. In Ontario, this was accomplished by way of Ontario Securities Commission Rule 24-502.

For DAP/RAP trades executed:	Matching deadline for trades executed on T (Part 3 of Instrument)	Percentage trigger (threshold) of DAP/RAP trades for registrant exception reporting (Part 4 of Instrument)
before July 1, 2012	2:00 p.m. on T+1	Less than 90% matched by deadline
after June 30, 2012 but before July 1, 2015	12:00 p.m. (noon) on T+1	Less than 90% matched by deadline
after June 30, 2015 but before July 1, 2016	11:59 p.m. on T	Less than 70% matched by deadline
after June 30, 2016 but before July 1, 2017	11:59 p.m. on T	Less than 80% matched by deadline
after June 30, 2017	11:59 p.m. on T	Less than 90% matched by deadline

We propose to extend the transitional period to July 1, 2017 and reduce the ultimate percentage of trades that a registered firm is required to match by the deadline in order to avoid exception reporting from 95% to 90%. The 90% threshold is consistent with the CPSS-IOSCO standard requiring a high percentage of institutional trades to be confirmed no later than T+1, as CPSS-IOSCO had considered "a high percentage" to be 90% or more.[24]

(ii) Method for determining threshold percentages

Currently the threshold percentages are determined by measuring both the total number and total value of DAP/RAP trades executed by or for a registered firm that matched within the deadline during a calendar quarter.[25] A registered firm is required to use both methods for equity and debt securities trades.

We propose to amend the Instrument, including Exhibit A of Form 24-101F1, to simplify the calculation. First, we would eliminate the need to determine the threshold based on the total value of equity trades, thus retaining the total number of trades method only for equity trades. We agree with stakeholders that have suggested that the total value measurement may not be a true STP indicator of the progress being made on ITM rates for equity trades.

Second, we propose to eliminate the need to determine the threshold based on the total number of debt trades, thus retaining the total value method only for debt trades. We would retain the total value method for debt trades because, while for any given period the total number of debt trades is much less than the total number of equity trades, the total value of debt trades is considerably higher than the total value of equity trades. Therefore, we believe that the total value method reflects a more accurate picture of the risk surrounding slow and inefficient ITM processes for DAP/RAP trades of debt securities.

(b) Amending the pre-DAP/RAP trade execution documentation requirements and related key definition

When trading for or with an institutional investor, registered dealers and advisors must enter into *trade-matching agreements* with other *trade-matching parties* or, alternatively, obtain signed *trade-matching statements* from other trade-matching parties.[26] Early in our discussions with the Working Group and feedback from other stakeholders, we were made aware of various problems with these documentation requirements.

We are therefore proposing a number of amendments to address problematic areas of the requirement and related definitional provision.

[24] See footnote 12, discussing the CPSS-IOSCO report.

[25] See paragraphs (a) and (b) of section 4.1 and Exhibit A of Form 24-101 F1.

[26] Sections 3.2 and 3.4.

(i) Amending the definition of trade-matching party

A trade-matching party includes a registered adviser acting for an institutional investor in a trade, or the institutional investor itself where a registered adviser is not acting for the institutional investor in a trade.[27] We are proposing to amend the definition of "trade-matching party".

- The amended definition would include a registered adviser only where it is acting for the institutional investor in *processing* the trade. This clarification would ensure that advisers with no responsibility for trade execution and post-trade execution functions of an institutional investor are not considered a trade-matching party. The current definition is confusing for certain groups of institutional investors, such as mutual fund families, where the advice functions and trade processing functions are performed by different registered advisers.

- Under the Instrument individuals and smaller entities can be considered "institutional investors" if they have a DAP/RAP trading account relationship with their dealer. The amended definition would exclude individuals, as well as any person or company that has net investment assets under administration or management of less than $10 million.[28] Registered firms would no longer be required to seek trade-matching agreements or statements from such institutional investors.

(ii) Amending the trade-matching documentation requirements

Certain dealers and advisers have reported difficulties in entering into trade-matching agreements with, or obtaining trade-matching statements from, clients or counter-parties. The intent of the documentation requirements is to support the Instrument's primary ITM policies and procedures requirement. We are of the view that a dealer's or adviser's policies and procedures should be designed to encourage their clients or counterparties to enter into trade-matching agreements or receive trade-matching statements. If a trade-matching party refuses to enter into an agreement or provide a statement, the dealer or adviser should document its efforts to enter into the agreement or receive the statement in accordance with its policies and procedures.

We are proposing to amend sections 3.2 and 3.4 of the Instrument to reflect this regulatory approach to the documentation requirements.

(c) Amendments to the provisions governing non-western hemisphere institutional investors

We are proposing transitional amendments to the provisions governing trade orders coming from institutional investors based outside of the western hemisphere, as a consequence of the changes to the T and T+1 deadlines.

Some stakeholders had pointed out that foreign investors do not necessarily make and communicate their settlement instructions from the same office that makes and communicates their investment decisions. We are thus proposing to clarify that an institutional investor whose settlement instructions are usually made in and communicated from a geographical region outside of the western hemisphere be included in these provisions.

(d) Amendments to clarify certain other definitions and concepts and to modify Forms 24-101F2 and F5

We are proposing to make non-substantive drafting amendments to the definitions of "institutional investor", "T+1", "T+2" and "T+3" and certain other provisions to clarify the definitions and provisions and to reflect comments made by some stakeholders. We are also proposing to amend Form 24-101F2 and Form 24-101F5 to reflect the changes made to Form 24-101F1 and increase the number of the timeline intervals for reporting *entered* and *matched* trades.

IV. Proposed Amendments to the Companion Policy and Other Consequential Amendments

A number of consequential amendments have been made to the CP to reflect the proposed amendments to the Instrument. In addition, some of the topics in CSA Staff Notice 24-305—*Frequently Asked Questions About National Instrument 24-101 – Institutional Trade Matching and Settlement and Related Companion Policy* have been addressed by the proposed amendments to the Instrument or have been incorporated into the CP.

We are proposing an effective date for the amendments to the Instrument and Companion Policy of July 1, 2010, subject to Ministerial approval requirements in the various CSA jurisdictions. It is further proposed that, from the same date, Ontario Securities Commission Rule 24-502 – *Exemption from Transitional Rule: Extension of Transitional Phase-In Period in National*

[27] Paragraph (b) of the definition in section 1.1.

[28] We chose the amount $10 million to be generally analogous with the definition "institutional customer" in IIROC member Rule 2700 *Minimum Standards for Institutional Account Opening, Operation and Supervision.*

Instrument 24-101 – Institutional Trade Matching and Settlement and related blanket orders granted in other CSA jurisdictions will be revoked or repealed (see CSA Notice 24-307). See further Annex E.

V. Authority for the Proposed Amendments to the Instrument and CP

In those jurisdictions in which the amendments to the Instrument and CP are to be adopted, the securities legislation provides the securities regulatory authority with rule-making authority in respect of the subject matter of the amendments.

VI. Alternatives Considered

No alternatives to the proposed amendments were considered.

VII. Unpublished Materials

As noted above under "II. Background – 1. Assessment of industry institutional trade matching (ITM) performance", we are proposing the amendments to the Instrument and CP largely based on the findings of our analysis of the ITM data and our stakeholder discussions. These findings will be published early next year in a report of CSA staff on industry compliance with NI 24-101. We have not relied on any other significant unpublished study, report or other written materials in proposing the amendments.

VIII. How To Provide Your Comments

You must submit your comments in writing by January 28, 2010. If you are not sending your comments by email, you should also send an electronic file containing the submissions (in Windows format, Microsoft Word).

Please address your comments to all of the CSA member commissions, as follows:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Registrar of Securities, Price Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Please send your comments **only** to the addresses below. Your comments will be forwarded to the remaining CSA jurisdictions.

M^{e} Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
Tour de la Bourse
800, square Victoria, 22^{e} étage
C.P. 246, tour de la Bourse
Montréal Québec H4Z 1G3
Fax: (514) 864-6381
Email: consultation-en-cours@lautorite.qc.ca

John Stevenson
Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8
Fax: (416) 593-2318
Email: jstevenson@osc.gov.on.ca

Please note that all comments received during the comment period will be made publicly available. We cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period. We will post all comments received during the comment period to the OSC website at www.osc.gov.on.ca to improve the transparency of the policy-making process.

IX. Questions

Please refer your questions to any of the following:

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Ontario Securities Commission
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Dean Murrison
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Annex A contains the proposed amending instrument for the amendments to NI 24-101. Annex B contains a blackline showing the proposed amendments relative to the current version of NI 24-101. Annex C contains the proposed amending instrument for the proposed changes to CP, with Annex D providing the corresponding blackline. Annex E contains local material, where applicable.

October 30, 2009

ANNEX A

PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 24-101

1. ***National Instrument 24-101 Institutional Trade Matching and Settlement is amended by this Instrument.***

2. Section 1.1 is amended by:

a. striking out "authorized***" in the definition of "***clearing agency***" and substituting "***recognized***";***

b. repealing the definition of "institutional investor***" and substituting the following:***

"institutional investor" means a client of a dealer that has been granted DAP/RAP trading privileges by the dealer;

c. repealing paragraphs (a) and (b) of the definition "trade-matching party***" and substituting the following:***

(a) a registered adviser acting for the institutional investor in processing the trade,

(b) if a registered adviser is not acting for the institutional investor in processing the trade, the institutional investor unless the institutional investor is

(i) an individual, or

(ii) a person or company that has net investment assets under administration or management of less than $10,000,000,

d. striking out the words "the day on which a trade is executed***", wherever they occur in the definitions of "***T+1***", "***T+2***" and "***T+3***", and substituting "***T***".***

3. Paragraph 2.1(f) is amended by adding "in a security of a mutual fund***" after "***trade***".***

4. Subsection 3.1(2) is amended by adding "or settlement instructions***" after "***investment decisions***".***

5. Section 3.2 is repealed and substituted by the following:

3.2 Pre-DAP/RAP trade execution documentation requirement for dealers —

Without limiting the generality of section 3.1, a registered dealer shall not open an account to execute a DAP/RAP trade for an institutional investor or accept an order to execute a DAP/RAP trade for the account of an institutional investor unless its policies and procedures are designed to encourage each trade-matching party to either

(a) enter into a trade-matching agreement with the dealer, or

(b) provide a trade-matching statement to the dealer.

6. Subsection 3.3(2) is amended by adding "or settlement instructions***" after "***investment decisions***".***

7. Section 3.4 is repealed and substituted by the following:

3.4 Pre- DAP/RAP trade execution documentation requirement for advisers —

Without limiting the generality of section 3.3, a registered adviser shall not open an account to execute a DAP/RAP trade for an institutional investor or give an order to a dealer to execute a DAP/RAP trade for the account of an institutional investor unless its policies and procedures are designed to encourage each trade-matching party to either

(a) enter into a trade-matching agreement with the adviser, or

(b) provide a trade-matching statement to the adviser.

8. Part 4 is repealed and substituted by the following:

PART 4 REPORTING BY REGISTERED FIRMS

4.1 Exception reporting requirement

A registered firm shall deliver Form 24-101F1 to the securities regulatory authority no later than 45 days after the end of a calendar quarter if

(a) less than 90 per cent of the DAP/RAP trades in equity securities executed by or for the registered firm during the quarter matched within the time required in Part 3, or

(b) the DAP/RAP trades in debt securities executed by or for the registered firm during the quarter that matched within the time required in Part 3 represent less than 90 per cent of the aggregate value of the debt securities purchased and sold in those trades.

9. Part 10 is amended by adding the following:

10.3 Post-June 2010 Transition

(1) A reference to "the end of T" in subsections 3.1(1) and 3.3(1) shall each be read as a reference to:

(a) "2:00 p.m. on T+1", for trades executed before July 1, 2012; and

(b) "12 p.m. (noon) on T+1", for trades executed after June 30, 2012 and before July 1, 2015.

(2) A reference to the "end of T+1" in subsections 3.1(2) and 3.3(2) shall each be read as a reference to:

(a) "2:00 p.m. on T+2", for trades executed before July 1, 2012; and

(b) "12:00 p.m. (noon) on T+2", for trades executed after June 30, 2012 and before July 1, 2015.

(3) A reference to "90 per cent" in paragraphs 4.1(a) and (b) shall each be read as a reference to:

(a) "70 per cent", for trades executed after June 30, 2015 and before July 1, 2016; and

(b) "80 per cent", for trades executed after June 30, 2016 and before July 1, 2017.

10. Form 24-101F1 is amended by:

(a) repealing item 3 under "*REGISTERED FIRM IDENTIFICATION AND CONTACT INFORMATION:*" and substituting the following:

3a. Address of registered firm's principal place of business:

3b. Please indicate below the jurisdiction of your principal regulator within the meaning of National Instrument 31-103 *Registration Requirements and Exemptions*:

☐ Alberta
☐ British Columbia
☐ Manitoba
☐ New Brunswick
☐ Newfoundland & Labrador
☐ Northwest Territories
☐ Nova Scotia
☐ Nunavut
☐ Ontario
☐ Prince Edward Island
☐ Quebec
☐ Saskatchewan
☐ Yukon

3c. Please indicate below all jurisdictions in which you are registered to carry on business:

☐ Alberta
☐ British Columbia
☐ Manitoba
☐ New Brunswick
☐ Newfoundland & Labrador
☐ Northwest Territories
☐ Nova Scotia
☐ Nunavut
☐ Ontario
☐ Prince Edward Island
☐ Quebec
☐ Saskatchewan
☐ Yukon

(b) striking out the portion of the Form after the heading "INSTRUCTIONS:" and before the heading "EXHIBITS" and substituting the following:

Deliver this form for both equity and debt DAP/RAP trades together with Exhibits A, B and C pursuant to section 4.1 of the Instrument, covering the calendar quarter indicated above, within 45 days of the end of the calendar quarter if,

(a) less than 90 per cent* of the equity DAP/RAP trades executed by or for you during the quarter matched within the time** required in Part 3 of the Instrument, or

(b) the debt DAP/RAP trades executed by or for you during the quarter that matched within the time** required in Part 3 of the Instrument represent less than 90 per cent* of the aggregate value of the debt securities purchased and sold in those trades."

Transition

* For DAP/RAP trades executed during a transitional period after June 30, 2015 and before July 1, 2017, this percentage will vary depending on when the trade was executed. See Part 7 of the Companion Policy to the Instrument.

** The time set out in Part 3 of the Instrument is 11:59 p.m. on "T" or "T+1", as the case may be. For DAP/RAP trades executed during a transitional period before July 1, 2012, the time is 2:00 p.m. on "T+1" or "T+2", as the case may be. For DAP/RAP trades executed after June 30, 2012 and before July 1, 2015, the time is 12:00 p.m. (noon) on "T+1" or "T+2", as the case may be. See Part 7 of the Companion Policy to the Instrument.

(c) striking out the portion of the Form under the heading "EXHIBITS:" after the words "each calendar quarter.***" and before the words "***Describe the circumstances***" and substituting the following:***

(1) Equity DAP/RAP trades

Entered into CDS by deadline (to be completed by dealers only)		*Matched by deadline*	
# of Trades	**%**	**# of Trades**	**%**

(2) Debt DAP/RAP trades

Entered into CDS by deadline (to be completed by dealers only)		*Matched by deadline*	
$ Value of Trades	**%**	**$ Value of Trades**	**%**

Exhibit B – Reasons for not meeting exception reporting thresholds

11. Form 24-102F2 is amended by striking out the portion of the Form after the heading "Table 1 – Equity trades:**" and before the heading "CERTIFICATE OF CLEARING AGENCY" and substituting the following:***

Timeline	Entered into clearing agency by dealers		Matched in clearing agency by custodians	
	# of Trades	% Industry	# of Trades	% Industry
T – 7:30 p.m.				
T – midnight				
T+1 – noon				
T+1 – 2:00 p.m.				
T+1 – midnight				
T+2 – midnight				
T+3 – midnight				
> T+3				
Total				

Table 2 – Debt Trades:

Timeline	Entered into clearing agency by dealers		Matched in clearing agency by custodians	
	$ Value of Trades	% Industry	$ Value of Trades	% Industry
T – 7:30 p.m.				
T – midnight				
T+1 – noon				
T+1 – 2:00 p.m.				
T+1 – midnight				
T+2 – midnight				
T+3 – midnight				
> T+3				
Total				

Legend

"# of Trades" is the total number of transactions in the month;
"$ Value of Trades" is the total value of the transactions (purchases and sales) in the month.

Exhibit B – Individual matched trade statistics

Using the same format as Exhibit A above, provide the relevant information for each participant of the clearing agency in respect of client trades during the quarter that have been entered by the participant and matched within the timelines indicated in Exhibit A.

12. Form 24-101F5 is amended by striking out the portion of the Form after the heading "Table 1 – Equity trades:***" and before the heading "*****CERTIFICATE OF MATCHING SERVICE UTILITY*****" and substituting the following:***

Timeline	Entered into matching service utility by dealer-users/subscribers		Matched in matching service utility by other users/subscribers	
	# of Trades	% Industry	# of Trades	% Industry
T – 7:30 p.m.				
T – midnight				
T+1 – noon				
T+1 – 2:00 p.m.				
T+1 – midnight				
T+2 – midnight				
T+3 – midnight				
> T+3				
Total				

Table 2 – Debt trades:

Timeline	Entered into matching service utility by dealer-users/subscribers		Matched in matching service utility by other users/subscribers	
	$ Value of Trades	% Industry	$ Value of Trades	% Industry
T – 7:30 p.m.				
T – midnight				
T+1 – noon				
T+1 – 2:00 p.m.				
T+1 – midnight				
T+2 – midnight				
T+3 – midnight				
> T+3				
Total				

Legend

"# of Trades" is the total number of transactions in the month;
"$ Value of Trades" is the total value of the transactions (purchases and sales) in the month.

Exhibit D – Individual matched trade statistics

Using the same format as Exhibit C above, provide the relevant information for each user or subscriber in respect of trades during the quarter that have been entered by the user or subscriber and matched within the timelines indicated in Exhibit C.

13. This Instrument comes into force on July 1, 2010.

Annex B

Blackline Version of the Proposed Amendments

This is an unofficial consolidation of National Instrument 24-101 *Institutional Trade Matching and Settlement*, with the proposed amendments in Annex A of this Notice shown by blackline. No part of this document represents an official statement of law. Text boxes in this Annex are provided for convenience and form neither part of the Proposed Rule nor the National Instrument.

CANADIAN SECURITIES ADMINISTRATORS

NATIONAL INSTRUMENT 24-101
INSTITUTIONAL TRADE MATCHING AND SETTLEMENT

TABLE OF CONTENTS

NATIONAL INSTRUMENT 24-101
INSTITUTIONAL TRADE MATCHING AND SETTLEMENT

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions —

In this Instrument,

"clearing agency" means,

(a) in Ontario, a clearing agency recognized by the securities regulatory authority under section 21.2 of the *Securities Act* (Ontario),

(b) in Quebec, a clearing house for securities ~~authorized~~recognized by the securities regulatory authority, and

(c) in every other jurisdiction, an entity that is carrying on business as a clearing agency in the jurisdiction;

"custodian" means a person or company that holds securities for the benefit of another under a custodial agreement or other custodial arrangement;

"DAP/RAP trade" means a trade

(a) executed for a client trading account that permits settlement on a delivery against payment or receipt against payment basis through the facilities of a clearing agency, and

(b) for which settlement is made on behalf of the client by a custodian other than the dealer that executed the trade;

"institutional investor" means ~~an investor~~a client of a dealer that has been granted DAP/RAP trading privileges by ~~a~~the dealer;

"marketplace" has the same meaning as in National Instrument 21-101 *Marketplace Operation*;

"matching service utility" means a person or company that provides centralized facilities for matching, but does not include a clearing agency;

"registered firm" means a person or company registered under securities legislation as a dealer or adviser;

"trade-matching agreement" means, for trades executed with or on behalf of an institutional investor, a written agreement entered into among trade-matching parties setting out the roles and responsibilities of the trade-matching parties in matching those trades and including, without limitation, a term by which the trade-matching parties agree to establish, maintain and enforce policies and procedures designed to achieve matching as soon as practical after a trade is executed;

"trade-matching party" means, for a trade executed with or on behalf of an institutional investor,

(a) a registered adviser acting for the institutional investor in processing the trade,

(b) if a registered adviser is not acting for the institutional investor in processing the trade, the institutional investor~~,~~ unless the institutional investor is

(i) an individual, or

(ii) a person or company that has net investment assets under administration or management of less than $10,000,000,

(c) a registered dealer executing or clearing the trade, or

(d) a custodian of the institutional investor settling the trade;

"trade-matching statement" means, for trades executed with or on behalf of an institutional investor, a signed written statement of a trade-matching party confirming that it has established, maintains and enforces policies and procedures designed to achieve matching as soon as practical after a trade is executed;

"T" means the day on which a trade is executed;

"T+1" means the next business day following ~~the day on which a trade is executed~~T;

"T+2" means the second business day following ~~the day on which a trade is executed~~T;

"T+3" means the third business day following ~~the day on which a trade is executed~~T.

1.2 Interpretation — trade matching and Eastern Time —

(1) In this Instrument, matching is the process by which

(a) the details and settlement instructions of an executed DAP/RAP trade are reported, verified, confirmed and affirmed or otherwise agreed to among the trade-matching parties, and

(b) unless the process is effected through the facilities of a clearing agency, the matched details and settlement instructions are reported to a clearing agency.

(2) Unless the context otherwise requires, a reference in this Instrument to

(a) a time is to Eastern Time, and

(b) a day is to a twenty-four hour day from midnight to midnight Eastern Time.

PART 2 APPLICATION

2.1 This Instrument does not apply to

(a) a trade in a security of an issuer that has not been previously issued or for which a prospectus is required to be sent or delivered to the purchaser under securities legislation,

(b) a trade in a security to the issuer of the security,

(c) a trade made in connection with a take-over bid, issuer bid, amalgamation, merger, reorganization, arrangement or similar transaction,

(d) a trade made in accordance with the terms of conversion, exchange or exercise of a security previously issued by an issuer,

(e) a trade that is a securities lending, repurchase, reverse repurchase or similar financing transaction,

(f) a trade in a security of a mutual fund to which National Instrument 81-102—*Mutual Funds* applies,

(g) a trade to be settled outside Canada,

(h) a trade in an option, futures contract or similar derivative, or

(i) a trade in a negotiable promissory note, commercial paper or similar short-term debt obligation that, in the normal course, would settle in Canada on T.

PART 3 TRADE MATCHING REQUIREMENTS

3.1 Matching deadlines for registered dealer —

(1) A registered dealer shall not execute a DAP/RAP trade with or on behalf of an institutional investor unless the dealer has established, maintains and enforces policies and procedures designed to achieve matching as soon as practical after such a trade is executed and in any event no later than the end of T.

(2) Despite subsection (1), the dealer may adapt its policies and procedures to permit matching to occur no later than the end of T+1 for a DAP/RAP trade that results from an order to buy or sell securities received from an institutional investor whose investment decisions or settlement instructions are usually made in and communicated from a geographical region outside of the western hemisphere.

3.2 Pre-DAP/RAP trade execution documentation requirement for dealers —

AWithout limiting the generality of section 3.1, a registered dealer shall not open an account to execute a DAP/RAP trade for an institutional investor or accept an order to execute a DAP/RAP trade for the account of an institutional investor unless its policies and procedures are designed to encourage each trade-matching party hasto either

(a) enteredenter into a trade-matching agreement with the dealer, or

(b) providedprovide a trade-matching statement to the dealer.

3.3 Matching deadlines for registered adviser —

(1) A registered adviser shall not give an order to a dealer to execute a DAP/RAP trade on behalf of an institutional investor unless the adviser has established, maintains and enforces policies and procedures designed to achieve matching as soon as practical after such a trade is executed and in any event no later than the end of T.

(2) Despite subsection (1), the adviser may adapt its policies and procedures to permit matching to occur no later than the end of T+1 for a DAP/RAP trade that results from an order to buy or sell securities received from an institutional investor whose investment decisions or settlement instructions are usually made in and communicated from a geographical region outside of the western hemisphere.

3.4 Pre- DAP/RAP trade execution documentation requirement for advisers —

AWithout limiting the generality of section 3.3, a registered adviser shall not open an account to execute a DAP/RAP trade for an institutional investor or give an order to a dealer to execute a DAP/RAP trade for the account of an institutional investor unless its policies and procedures are designed to encourage each trade-matching party hasto either

(a) enteredenter into a trade-matching agreement with the adviser, or

(b) providedprovide a trade-matching statement to the adviser.

PART 4 REPORTING ~~REQUIREMENT FOR~~BY REGISTERED FIRMS

4.1 Exception reporting requirement

A registered firm shall deliver Form 24-101F1 to the securities regulatory authority no later than 45 days after the end of a calendar quarter if

(a) less than 9590 per cent of the DAP/RAP trades in equity securities executed by or for the registered firm. during the quarter matched within the time required in Part 3, or

(b) the DAP/RAP trades in debt securities executed by or for the registered firm during the quarter that matched within the time required in Part 3 represent less than 9590 per cent of the aggregate value of the debt securities purchased and sold in those trades.

PART 5 REPORTING REQUIREMENTS FOR CLEARING AGENCIES

5.1 A clearing agency through which trades governed by this Instrument are cleared and settled shall deliver Form 24-101F2 to the securities regulatory authority no later than 30 days after the end of a calendar quarter.

PART 6 REQUIREMENTS FOR MATCHING SERVICE UTILITIES

6.1 Initial information reporting —

(1) A person or company shall not carry on business as a matching service utility unless

(a) the person or company has delivered Form 24-101F3 to the securities regulatory authority, and

(b) at least 90 days have passed since the person or company delivered Form 24-101F3.

(2) During the 90 day period referred to in subsection (1), if there is a significant change to the information in the delivered Form 24-101F3, the person or company shall inform the securities regulatory authority in writing immediately of that significant change by delivering an amendment to Form 24-101F3 in the manner set out in Form 24-101F3.

6.2 Anticipated change to operations —

At least 45 days before implementing a significant change to any item set out in Form 24-101F3, a matching service utility shall deliver an amendment to the information in the manner set out in Form 24-101F3.

6.3 Ceasing to carry on business as a matching service utility —

(1) If a matching service utility intends to cease carrying on business as a matching service utility, it shall deliver a report on Form 24-101F4 to the securities regulatory authority at least 30 days before ceasing to carry on that business.

(2) If a matching service utility involuntarily ceases to carry on business as a matching service utility, it shall deliver a report on Form 24-101F4 as soon as practical after it ceases to carry on that business.

6.4 Ongoing information reporting and record keeping —

(1) A matching service utility shall deliver Form 24-101F5 to the securities regulatory authority no later than 30 days after the end of a calendar quarter.

(2) A matching service utility shall keep such books, records and other documents as are reasonably necessary to properly record its business.

6.5 System requirements —

For all of its core systems supporting trade matching, a matching service utility shall

(a) consistent with prudent business practice, on a reasonably frequent basis, and, in any event, at least annually,

(i) make reasonable current and future capacity estimates,

(ii) conduct capacity stress tests of those systems to determine the ability of the systems to process transactions in an accurate, timely and efficient manner,

(iii) implement reasonable procedures to review and keep current the testing methodology of those systems,

(iv) review the vulnerability of those systems and data centre computer operations to internal and external threats, including breaches of security, physical hazards and natural disasters, and

(v) maintain adequate contingency and business continuity plans;

(b) annually cause to be performed an independent review and written report, in accordance with generally accepted auditing standards, of the stated internal control objectives of those systems; and

(c) promptly notify the securities regulatory authority of a material failure of those systems.

PART 7 TRADE SETTLEMENT

7.1 Trade settlement by registered dealer —

(1) A registered dealer shall not execute a trade unless the dealer has established, maintains and enforces policies and procedures designed to facilitate settlement of the trade on a date that is no later than the standard settlement date for the type of security traded prescribed by an SRO or the marketplace on which the trade would be executed.

(2) Subsection (1) does not apply to a trade for which terms of settlement have been expressly agreed to by the counterparties to the trade at or before the trade was executed.

PART 8 REQUIREMENTS OF SELF-REGULATORY ORGANIZATIONS AND OTHERS

8.1 A clearing agency or matching service utility shall have rules or other instruments or procedures that are consistent with the requirements of Parts 3 and 7.

8.2 A requirement of this Instrument does not apply to a member of an SRO if the member complies with a rule or other instrument of the SRO that deals with the same subject matter as the requirement and that has been approved, non-disapproved, or non-objected to by the securities regulatory authority and published by the SRO.

PART 9 EXEMPTION

9.1 Exemption —

(1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

PART 10 EFFECTIVE DATES AND TRANSITION

Note: This unofficial consolidation does not include sections 10.1 and 10.2 which contain coming-into-force provisions and transitional provisions which are only of historical interest.

10.3 Post-June 2010 Transition

(1) A reference to "the end of T" in subsections 3.1(1) and 3.3(1) shall each be read as a reference to:

(a) "2:00 p.m. on T+1", for trades executed before July 1, 2012; and

(b) "12 p.m. (noon) on T+1", for trades executed after June 30, 2012 and before July 1, 2015.

(2) A reference to the "end of T+1" in subsections 3.1(2) and 3.3(2) shall each be read as a reference to:

(a) "2:00 p.m. on T+2", for trades executed before July 1, 2012; and

(b) "12:00 p.m. (noon) on T+2", for trades executed after June 30, 2012 and before July 1, 2015.

(3) A reference to "90 per cent" in paragraphs 4.1(a) and (b) shall each be read as a reference to:

(a) "70 per cent", for trades executed after June 30, 2015 and before July 1, 2016; and

(b) "80 per cent", for trades executed after June 30, 2016 and before July 1, 2017.

FORM 24-101F1

REGISTERED FIRM
EXCEPTION REPORT OF
DAP/RAP TRADE REPORTING AND MATCHING

CALENDAR QUARTER PERIOD COVERED:

From: _____ to: _____

REGISTERED FIRM IDENTIFICATION AND CONTACT INFORMATION:

1. Full name of registered firm (if sole proprietor, last, first and middle name):

2. Name(s) under which business is conducted, if different from item 1:

~~3.~~3a. Address of registered firm's principal place of business:

3b. Please indicate below the jurisdiction of your principal regulator within the meaning of NI 31-103 *Registration Requirements and Exemptions*:

☐ Alberta
☐ British Columbia
☐ Manitoba
☐ New Brunswick
☐ Newfoundland & Labrador
☐ Northwest Territories
☐ Nova Scotia
☐ Nunavut
☐ Ontario
☐ Prince Edward Island
☐ Quebec
☐ Saskatchewan
☐ Yukon

3c. Please indicate below all jurisdictions in which you are registered to carry on business:

☐ Alberta
☐ British Columbia
☐ Manitoba
☐ New Brunswick
☐ Newfoundland & Labrador
☐ Northwest Territories
☐ Nova Scotia
☐ Nunavut
☐ Ontario
☐ Prince Edward Island
☐ Quebec
☐ Saskatchewan
☐ Yukon

4. Mailing address, if different from business address:

5. Type of business: O Dealer O Adviser

6. Category of registration:

7. (a) Registered Firm NRD number:

(b) If the registered firm is a participant of a clearing agency, the registered firm's CUID number:

8. Contact employee name:

Telephone number:

E-mail address:

INSTRUCTIONS:

Deliver this form for both equity and debt DAP/RAP trades together with Exhibits A, B and C pursuant to section 4.1 of the Instrument, covering the calendar quarter indicated above, within 45 days of the end of the calendar quarter if,

(a) less than ~~95~~90 per cent* of the equity ~~and/or debt~~ DAP/RAP trades executed by or for you during the quarter matched within the time** required in Part 3 of the Instrument, or

(b) the ~~equity and/or~~ debt DAP/RAP trades executed by or for you during the quarter that matched within the time** required in Part 3 of the Instrument represent less than ~~95~~90 per cent* of the aggregate value of the debt securities purchased and sold in those trades.

Transition

* For DAP/RAP trades executed during a transitional period after June 30, 2015 and before July 1, 2017, ~~the Instrument comes into force and before January 1, 2010,~~ this percentage will vary depending on when the trade was executed. See ~~section 10.2(3)~~ Part 7 of the Companion Policy to ~~of~~ the Instrument.

** The time set out in Part 3 of the Instrument is 11:59 p.m. on, as the case may be, T or T+1. For DAP/RAP trades executed during a transitional period ~~after the Instrument comes into force and~~ before July 1, 2012, the time is 2:00 p.m. on "T+1" or "T+2", as the case may be. For DAP/RAP trades executed after June 30, 2012~~08~~ and before July 1, 2015, ~~this timeline is being phased in and~~ the time is 12:00 p.m. (noon) on, as the case may be, "T+1" or "T+2". See ~~subsections 10.2(1) and (2)~~ Part 7 of the Companion Policy to the Instrument.

EXHIBITS:

Exhibit A – DAP/RAP trade statistics for the quarter

Complete Tables 1 and 2 below for each calendar quarter.

(1) Equity DAP/RAP trades

~~*Entered into CDS by deadline (to be completed by dealers only)*~~				~~*Matched by deadline*~~			
~~# of Trades~~	**~~%~~**	**~~$ Value of Trades~~**	**~~%~~**	**~~# of Trades~~**	**~~%~~**	**~~$ Value of Trades~~**	**~~%~~**

~~*(2) Debt DAP/RAP trades*~~

~~*Entered into CDS by deadline (to be completed by dealers only)*~~				~~*Matched by deadline*~~			
~~# of Trades~~	**~~%~~**	**~~$ Value of Trades~~**	**~~%~~**	**~~# of Trades~~**	**~~%~~**	**~~$ Value of Trades~~**	**~~%~~**

Entered into CDS by deadline (to be completed by dealers only)		*Matched by deadline*	
# of Trades	**%**	**# of Trades**	**%**

(2) Debt DAP/RAP trades

Entered into CDS by deadline (to be completed by dealers only)		*Matched by deadline*	
$ Value of Trades	**%**	**$ Value of Trades**	**%**

Exhibit B – Reasons for ~~non-compliance~~not meeting exception reporting thresholds

Describe the circumstances or underlying causes that resulted in or contributed to the failure to achieve the percentage target for matched equity and/or debt DAP/RAP trades within the maximum time prescribed by Part 3 of the Instrument. Reasons given could be one or more matters within your control or due to another trade-matching party or service provider. If you have insufficient information to determine the percentages, the reason for this should be provided. See also Companion Policy 24-101CP to the Instrument.

Exhibit C – Steps to address delays

Describe what specific steps you are taking to resolve delays in the equity and/or debt DAP/RAP trade reporting and matching process in the future. Indicate when each of these steps is expected to be implemented. The steps being taken could be internally focused, such as implementing a new system or procedure, or externally focused, such as meeting with a trade-matching party to determine what action should be taken by that party. If you have insufficient information to determine the percentages, the steps being taken to obtain this information should be provided. See also Companion Policy 24-101CP to the Instrument.

CERTIFICATE OF REGISTERED FIRM

The undersigned certifies that the information given in this report on behalf of the registered firm is true and correct.

DATED at _____ this ____ day of _____ 20___

_____
(Name of registered firm - type or print)

_____
(Name of director, officer or partner - type or print)

_____
(Signature of director, officer or partner)

_____
(Official capacity - type or print)

FORM 24-101F2

CLEARING AGENCY
QUARTERLY OPERATIONS REPORT OF
INSTITUTIONAL TRADE REPORTING AND MATCHING

CALENDAR QUARTER PERIOD COVERED:

From: _____ to: _____

IDENTIFICATION AND CONTACT INFORMATION:

1. Full name of clearing agency:

2. Name(s) under which business is conducted, if different from item 1:

3. Address of clearing agency's principal place of business:

4. Mailing address, if different from business address:

5. Contact employee name:

   Telephone number:

   E-mail address:

INSTRUCTIONS:

Deliver this form together with all exhibits pursuant to section 5.1 of the Instrument, covering the calendar quarter indicated above, within 30 days of the end of the calendar quarter.

Exhibits shall be provided in an electronic file, in the following file format: "CSV" (Comma Separated Variable) (e.g., the format produced by Microsoft Excel).

EXHIBITS:

1. DATA REPORTING

Exhibit A – Aggregate matched trade statistics

For client trades, provide the information to complete Tables 1 and 2 below for each month in the quarter. These two tables can be integrated into one report. Provide separate aggregate information for trades that have been reported or entered into your facilities as matched trades by a matching service utility.

Month/Year: _____ (MMM/YYYY)

Table 1 --- Equity trades:

	~~Entered into clearing agency by dealers~~				~~Matched in clearing agency by custodians~~			
	~~# of Trades~~	~~% Industry~~	~~$ Value of Trades~~	~~% Industry~~	~~# of Trades~~	~~% Industry~~	~~$ Value of Trades~~	~~% Industry~~
~~T~~								
~~T+1~~								
~~T+2~~								
~~T+3~~								
~~>T+3~~								
~~Total~~								

Timeline	Entered into clearing agency by dealers		Matched in clearing agency by custodians	
	# of Trades	% Industry	# of Trades	% Industry
T – 7:30 p.m.				
T – midnight				
T+1 – noon				
T+1 – 2:00 p.m.				
T+1 – midnight				
T+2 – midnight				
T+3 – midnight				
> T+3				
Total				

Table 2 — Debt trades:

	~~Entered into clearing agency by dealers~~				~~Matched in clearing agency by custodians~~			
	~~# of Trades~~	~~% Industry~~	~~$ Value of Trades~~	~~% Industry~~	~~# of Trades~~	~~% Industry~~	~~$ Value of Trades~~	~~% Industry~~
~~T~~								
~~T + 1~~								
~~T + 2~~								
~~T + 3~~								
~~>T +3~~								
~~Total~~								

Timeline	Entered into clearing agency by dealers		Matched in clearing agency by custodians	
	$ Value of Trades	% Industry	$ Value of Trades	% Industry
T – 7:30 p.m.				
T – midnight				
T+1 – noon				
T+1 – 2:00 p.m.				
T+1 – midnight				
T+2 – midnight				
T+3 – midnight				
> T+3				
Total				

Legend

"# of Trades" is the total number of transactions in the month;
"$ Value of Trades" is the total value of the transactions (purchases and sales) in the month.

Exhibit B – Individual matched trade statistics

Using the same format ~~below,~~as Exhibit A above, provide the relevant information for each participant of the clearing agency~~, provide the percent~~ in respect of client trades during the quarter that have been entered ~~and matched~~ by the participant and matched within the ~~time required in Part 3 of the Instrument. The percentages given should relate to both the number of client trades that have been matched within the time and the aggregate value of the securities purchased and sold in the client trades that have been matched within the time.~~ timelines indicated in Exhibit A.

	~~Percentage matched within timelines~~			
	~~Equity trades~~		~~Debt trades~~	
~~Participant~~	~~By # of transactions~~	~~By Value~~	~~By # of transactions~~	~~By Value~~

CERTIFICATE OF CLEARING AGENCY

The undersigned certifies that the information given in this report on behalf of the clearing agency is true and correct.

DATED at _____ this ____ day of _____ 20___

_____
(Name of clearing agency - type or print)

_____
(Name of director, officer or partner - type or print)

_____
(Signature of director, officer or partner)

_____
(Official capacity - type or print)

FORM 24-101F3

MATCHING SERVICE UTILITY
NOTICE OF OPERATIONS

DATE OF COMMENCEMENT INFORMATION:

Effective date of commencement of operations: _____ (DD/MMM/YYYY)

TYPE OF INFORMATION: O INITIAL SUBMISSION O AMENDMENT

MATCHING SERVICE UTILITY IDENTIFICATION AND CONTACT INFORMATION:

1. Full name of matching service utility:

2. Name(s) under which business is conducted, if different from item 1:

3. Address of matching service utility's principal place of business:

4. Mailing address, if different from business address:

5. Contact employee name:

   Telephone number:

   E-mail address:

6. Legal counsel:

   Firm name:

   Telephone number:

   E-mail address:

GENERAL INFORMATION:

7. Website address:

8. Date of financial year-end: _____ (DD/MMM/YYYY)

9. Indicate the form of your legal status (e.g., corporation, limited or general partnership), the date of formation, and the jurisdiction under which you were formed:

   Legal status: O CORPORATION O PARTNERSHIP
   O OTHER (SPECIFY):

   (a) Date of formation: _____ (DD/MMM/YYYY)

   (b) Jurisdiction and manner of formation:

10. Specify the general types of securities for which information is being or will be received and processed by you for transmission of matched trades to a clearing agency (e.g. exchange-traded domestic equity and debt securities, exchange-traded foreign equity and debt securities, equity and debt securities traded over-the-counter).

INSTRUCTIONS:

Deliver this form together with all exhibits pursuant to section 6.1 or 10.2(4) of the Instrument.

For each exhibit, include your name, the date of delivery of the exhibit and the date as of which the information is accurate (if different from the date of the delivery). If any exhibit required is not applicable, a full statement describing why the exhibit is not applicable shall be furnished in lieu of the exhibit. To the extent information requested for an exhibit is identical to the information

requested in another form that you have filed or delivered under National Instrument 21-101 *Marketplace Operation*, simply attach a copy of that other form and indicate in this form where such information can be found in that other form.

If you are delivering an amendment to Form 24-101F3 pursuant to section 6.1(2) or 6.2 of the Instrument, and the amended information relates to an exhibit that was delivered with such form, provide a description of the change and complete and deliver an updated exhibit. If you are delivering Form 24-101F3 pursuant to section 10.2(4) of the Instrument, simply indicate at the top of this form under "Date of Commencement Information" that you were already carrying on business as a matching service utility in the relevant jurisdiction on the date that Part 6 of the Instrument came into force.

EXHIBITS:

1. CORPORATE GOVERNANCE

Exhibit A – Constating documents

Provide a copy of your constating documents, including corporate by-laws and other similar documents, as amended from time to time.

Exhibit B – Ownership

List any person or company that owns 10 percent or more of your voting securities or that, either directly or indirectly, through agreement or otherwise, may control your management. Provide the full name and address of each person or company and attach a copy of the agreement or, if there is no written agreement, briefly describe the agreement or basis through which the person or company exercises or may exercise control or direction.

Exhibit C – Officials

Provide a list of the partners, officers, directors or persons performing similar functions who presently hold or have held their offices or positions during the current and previous calendar year, indicating the following for each:

1. Name.
2. Title.
3. Dates of commencement and expiry of present term of office or position and length of time the office or position held.
4. Type of business in which each is primarily engaged and current employer.
5. Type of business in which each was primarily engaged in the preceding five years, if different from that set out in item 4.
6. Whether the person is considered to be an independent director.

Exhibit D – Organizational structure

Provide a narrative or graphic description of your organizational structure.

Exhibit E – Affiliated entities

For each person or company affiliated to you, provide the following information:

1. Name and address of affiliated entity.
2. Form of organization (e.g., association, corporation, partnership).
3. Name of jurisdiction and statute under which organized.
4. Date of incorporation in present form.
5. Brief description of nature and extent of affiliation or contractual or other agreement with you.
6. Brief description of business services or functions.

7. If a person or company has ceased to be affiliated with you during the previous year or ceased to have a contractual or other agreement relating to your operations during the previous year, provide a brief statement of the reasons for termination of the relationship.

2. FINANCIAL VIABILITY

Exhibit F – Audited financial statements

Provide your audited financial statements for the latest financial year and a report prepared by an independent auditor.

3. FEES

Exhibit G – Fee list, fee structure

Provide a complete list of all fees and other charges imposed, or to be imposed, by you for use of your services as a matching service utility, including the cost of establishing a connection to your systems.

4. ACCESS

Exhibit H – Users

Provide a list of all users or subscribers for which you provide or propose to provide the services of a matching service utility. Identify the type(s) of business of each user or subscriber (e.g., custodian, dealer, adviser or other party).

If applicable, for each instance during the past year in which any user or subscriber of your services has been prohibited or limited in respect of access to such services, indicate the name of each such user or subscriber and the reason for the prohibition or limitation.

Exhibit I – User contract

Provide a copy of each form of agreement governing the terms by which users or subscribers may subscribe to your services of a matching service utility.

5. SYSTEMS AND OPERATIONS

Exhibit J – System description

Describe the manner of operation of your systems for performing your services of a matching service utility (including, without limitation, systems that collect and process trade execution details and settlement instructions for matching of trades). This description should include the following:

1. The hours of operation of the systems, including communication with a clearing agency.

2. Locations of operations and systems (e.g., countries and cities where computers are operated, primary and backup).

3. A brief description in narrative form of each service or function performed by you.

6. SYSTEMS COMPLIANCE

Exhibit K – Security

Provide a brief description of the processes and procedures implemented by you to provide for the security of any system used to perform your services of a matching service utility.

Exhibit L – Capacity planning and measurement

1. Provide a brief description of capacity planning/performance measurement techniques and system and stress testing methodologies.
2. Provide a brief description of testing methodologies with users or subscribers. For example, when are user/subscriber tests employed? How extensive are these tests?

Exhibit M – Business continuity

Provide a brief description of your contingency and business continuity plans in the event of a catastrophe.

Exhibit N – Material systems failures

Provide a brief description of policies and procedures in place for reporting to regulators material systems failures. Material systems failures include serious incidents that result in the interruption of the matching of trades for more than thirty minutes during normal business hours.

Exhibit O – Independent systems audit

1. Briefly describe your plans to provide an annual independent audit of your systems.

2. If applicable, provide a copy of the last external systems operations audit report.

7. INTEROPERABILITY

Exhibit P – Interoperability agreements

List all other matching service utilities for which you have entered into an *interoperability* agreement. Provide a copy of all such agreements.

8. OUTSOURCING

Exhibit Q – Outsourcing firms

For each person or company (outsourcing firm) with whom or which you have an outsourcing agreement or arrangement relating to your services of a matching service utility, provide the following information:

1. Name and address of the outsourcing firm.

2. Brief description of business services or functions of the outsourcing firm.

3. Brief description of the outsourcing firm's contingency and business continuity plans in the event of a catastrophe.

CERTIFICATE OF MATCHING SERVICE UTILITY

The undersigned certifies that the information given in this report on behalf of the matching service utility is true and correct.

DATED at _____ this _____ day of _____ 20____

_____
(Name of matching service utility - type or print)

_____
(Name of director, officer or partner - type or print)

_____
(Signature of director, officer or partner)

_____
(Official capacity - type or print)

FORM 24-101F4

MATCHING SERVICE UTILITY
NOTICE OF CESSATION OF OPERATIONS

DATE OF CESSATION INFORMATION:

Type of information: O VOLUNTARY CESSATION

O INVOLUNTARY CESSATION

Effective date of operations cessation: _____ (DD/MMM/YYYY)

MATCHING SERVICE UTILITY IDENTIFICATION AND CONTACT INFORMATION:

1. Full name of matching service utility:

2. Name(s) under which business is conducted, if different from item 1:

3. Address of matching service utility's principal place of business:

4. Mailing address, if different from business address:

5. Legal counsel:

   Firm name:

   Telephone number:

   E-mail address:

INSTRUCTIONS:

Deliver this form together with all exhibits pursuant to section 6.3 of the Instrument.

For each exhibit, include your name, the date of delivery of the exhibit and the date as of which the information is accurate (if different from the date of the delivery). If any exhibit required is not applicable, a full statement describing why the exhibit is not applicable shall be furnished in lieu of the exhibit.

EXHIBITS:

Exhibit A

Provide the reasons for your cessation of business.

Exhibit B

Provide a list of all the users or subscribers for which you provided services during the last 30 days prior to you ceasing business. Identify the type(s) of business of each user or subscriber (e.g., custodian, dealer, adviser, or other party).

Exhibit C

List all other matching service utilities for which an *interoperability* agreement was in force immediately prior to cessation of business.

CERTIFICATE OF MATCHING SERVICE UTILITY

The undersigned certifies that the information given in this report on behalf of the matching service utility is true and correct.

DATED at _____ this_____ day of _____ 20____

_____
(Name of matching service utility - type or print)

_____
(Name of director, officer or partner - type or print)

_____
(Signature of director, officer or partner)

_____
(Official capacity - type or print)

FORM 24-101F5

MATCHING SERVICE UTILITY
QUARTERLY OPERATIONS REPORT OF
INSTITUTIONAL TRADE REPORTING AND MATCHING

CALENDAR QUARTER PERIOD COVERED:

From: _____ to: _____

MATCHING SERVICE UTILITY IDENTIFICATION AND CONTACT INFORMATION:

1. Full name of matching service utility:

2. Name(s) under which business is conducted, if different from item 1:

3. Address of matching service utility's principal place of business:

4. Mailing address, if different from business address:

5. Contact employee name:

   Telephone number:

   E-mail address:

INSTRUCTIONS:

Deliver this form together with all exhibits pursuant to section 6.4 of the Instrument, covering the calendar quarter indicated above, within 30 days of the end of the calendar quarter.

Exhibits shall be reported in an electronic file, in the following format: "CSV" (Comma Separated Variable) (e.g., the format produced by Microsoft Excel).

If any information specified is not available, a full statement describing why the information is not available shall be separately furnished.

EXHIBITS

1. SYSTEMS REPORTING

Exhibit A – External systems audit

If an external audit report on your core systems was prepared during the quarter, provide a copy of the report.

Exhibit B – Material systems failures reporting

Provide a brief summary of all material systems failures that occurred during the quarter and for which you were required to notify the securities regulatory authority under section 6.5(c) of the Instrument.

2. DATA REPORTING

Exhibit C – Aggregate matched trade statistics

Provide the information to complete Tables 1 and 2 below for each month in the quarter. These two tables can be integrated into one report.

Month/Year: _____ (MMM/YYYY)

Table 1 — Equity trades:

	~~Entered into matching service utility by dealer-users/subscribers~~				~~Matched in matching service utility by other users/subscribers~~			
	~~# of Trades~~	~~% Industry~~	~~$ Value of Trades~~	~~% Industry~~	~~# of Trades~~	~~% Industry~~	~~$ Value of Trades~~	~~% Industry~~
~~T~~								
~~T + 1~~								
~~T + 2~~								
~~T + 3~~								
~~>T + 3~~								
~~Total~~								

Timeline	Entered into matching service utility by dealer-users/subscribers		Matched in matching service utility by other users/subscribers	
	# of Trades	% Industry	# of Trades	% Industry
T – 7:30 p.m.				
T - midnight				
T+1 - noon				
T+1 – 2:00 p.m.				
T+1 - midnight				
T+2 - midnight				
T+3 - midnight				
>T+3				
Total				

Table 2 — Debt trades:

	~~Entered into matching service utility by dealer-users/subscribers~~				~~Matched in matching service utility by other users/subscribers~~			
	~~# of Trades~~	~~% Industry~~	~~$ Value of Trades~~	~~% Industry~~	~~# of Trades~~	~~% Industry~~	~~$ Value of Trades~~	~~% Industry~~
~~T~~								
~~T + 1~~								
~~T + 2~~								
~~T + 3~~								
~~>T + 3~~								
~~Total~~								

Timeline	Entered into matching service utility by dealer-users/subscribers		Matched in matching service utility by other users/subscribers	
	$ Value of Trades	% Industry	$ Value of Trades	% Industry
T – 7:30 p.m.				
T - midnight				
T+1 - noon				
T+1 – 2:00 p.m.				
T+1 - midnight				
T+2 - midnight				
T+3 - midnight				
>T+3				
Total				

Legend

"# of Trades" is the total number of transactions in the month;
"$ Value of Trades" is the total value of the transactions (purchases and sales) in the month

Exhibit D – Individual matched trade statistics

Using the same format ~~below~~as Exhibit C above, provide the ~~percent~~relevant information for each user or subscriber in respect of trades during the quarter ~~for each user or subscriber~~ that have been entered by the user or subscriber and matched within the ~~time required in Part 3 of the Instrument. The percentages given should relate to both the number of trades that have been matched within the time and the aggregate value of the securities purchased and sold in the trades that have been matched within the time.~~timelines indicated.

	~~**Percentage matched within timelines**~~			
	~~Equity trades~~		~~Debt trades~~	
~~User/ Subscriber~~	~~By # of transactions~~	~~By value~~	~~By # of transactions~~	~~By value~~

CERTIFICATE OF MATCHING SERVICE UTILITY

The undersigned certifies that the information given in this report on behalf of the matching service utility is true and correct.

DATED at _____ this ____ day of _____ 20___

_____
(Name of matching service utility- type or print)

_____
(Name of director, officer or partner - type or print)

_____
(Signature of director, officer or partner)

_____
(Official capacity - type or print)

ANNEX C

PROPOSED AMENDMENTS TO
COMPANION POLICY 24-101CP *INSTITUTIONAL TRADE MATCHING AND SETTLEMENT*

1. Companion Policy 24-101CP is amended by this Instrument.

2. Part 1 is amended by:

(a) striking out "Investment Dealers Association of Canada (IDA) Regulation***" in footnote 3 and substituting "***Investment Industry Regulatory Organization of Canada (IIROC) Member Rule***",***

(b) striking out "IDA Regulation***" in footnote 5 and substituting "***IIROC Member Rule***",***

(c) striking out subsection 1.3(3) and substituting the following:

(3) *Institutional investor* — A client of a dealer that has been granted DAP/RAP trading privileges is an institutional investor. This will likely be the case whenever a client's investment assets are held by or through securities accounts maintained with a custodian instead of the client's dealer that executes its trades. While the expression "institutional trade" is not defined in the Instrument, we use the expression in this Companion Policy to mean broadly any DAP/RAP trade.

(d) striking out subsection 1.3(5) and substituting the following:

(5) *Trade-matching party* — An institutional investor, whether Canadian or foreign-based, may be a trade-matching party. As such, it, or its adviser that is acting for it in processing a trade, should enter into a trade-matching agreement or provide a trade-matching statement under Part 3 of the Instrument. However, an institutional investor that is an individual or a person or company that has net investment assets under administration or management of less than $10,000,000, is not a trade-matching party. A custodian that settles a trade on behalf of an institutional investor is also a trade-matching party and should enter into a trade-matching agreement or provide a trade-matching statement. However, a foreign global custodian or international central securities depository that holds Canadian portfolio assets through a local Canadian sub-custodian would not normally be considered a trade-matching party if it is not a clearing agency participant or otherwise directly involved in settling the trade in Canada.

3. Part 2 is amended by:

(a) adding "or settlement instructions***" before "***are usually made***" in the second sentence of section 2.2,***

(b) adding the following at the end of section 2.2:

These deadlines are being transitioned into effect over time as described in Part 7.

(c) striking out subsection 2.3(1) and substituting the following:

(1) Establishing, maintaining and enforcing policies and procedures --

(a) Under sections 3.2 and 3.4, a registered dealer's or registered adviser's policies and procedures must be designed to encourage trade-matching parties to either (i) enter into a trade-matching agreement with the dealer or adviser or (ii) provide or make available a trade-matching statement to the dealer or adviser. The purpose of the trade-matching agreement or trade-matching statement is to ensure that all trade-matching parties have established, maintain, and enforce appropriate policies and procedures designed to achieve matching of a DAP/RAP trade as soon as practical after the trade is executed. If the dealer or adviser is unable to obtain a trade-matching agreement or statement from a trade-matching party, it should document its efforts in accordance with its policies and procedures.

(b) The parties described in paragraphs (a), (b), (c) and (d) of the definition "trade-matching party" in section 1.1 of the Instrument need not necessarily all be involved in a trade for the requirements of sections 3.2 and 3.4 of the Instrument to apply. There is no need for an adviser to be involved in the matching process of an institutional investor's trades for the requirement to apply. In this case, the trade-matching parties that should have appropriate

policies and procedures in place would be the institutional investor, the dealer and the custodian.

(c) The Instrument does not provide the form of a trade-matching agreement or trade-matching statement other than it be in writing. Subsections (2) and (3) below provide some guidance on these documents. A trade-matching agreement or trade-matching statement should be signed by a senior executive officer of the entity to ensure its policies and procedures are given sufficient attention and priority within the entity's senior management. A senior executive officer would include any individual who is (a) the chair of the entity, if that individual performs the functions of the office on a full time basis, (b) a vice-chair of the entity, if that individual performs the functions of the office on a full time basis, (c) the president, chief executive officer or chief operating officer of the entity, and (d) a senior vice-president of the entity in charge of the entity's operations and back-office functions.

(d) adding "the***" after "***account allocations to***" in the third bullet under the heading "****For the institutional investor or its adviser:***" in paragraph 2.3(2)(b),***

(e) adding "in accordance with their policies and procedures***" at the end of the first sentence in subsection 2.3(4),***

(f) striking out the second and third sentences in subsection 2.3(4),

(g) striking out "Dealers***" and substituting "***Registered dealers***" at the beginning of the fourth sentence in subsection 2.3(4),***

(h) striking out footnote 8,

(i) renumbering footnote 9 as footnote 8 and striking out "IDA By-Law No.***" in that footnote and substituting "***IIROC Member Rule***",***

(j) renumbering footnote 10 as footnote 9.

4. Part 3 is amended by:

(a) adding the following after the first sentence in paragraph 3.1(a):

The percentage for equity trades is to be determined on the number of trades, while the percentage for debt trades must be based on the aggregate value of trades for each quarter.

(b) striking out section 3.4 and substituting the following:

3.4 Forms delivered in electronic form

Registered firms may complete their Form 24-101F1 online on the CSA's website at the following URL addresses:

In English: http://www.securities-administrators.ca/industry_resources.aspx?id=52.

In French: http://www.autorites-valeurs-mobilieres.ca/ ressources_ professionnelles .aspx?id=52".

5. Part 5 is amended by renumbering footnote 11 as footnote 10 and striking out "IDA Regulation***" in that footnote and substituting "***IIROC Member Rule***".***

6. Part 7 is struck out and substituted by the following:

PART 7 TRANSITION

7.1 Transitional dates and percentages — The following table summarizes the transitional provisions of the Instrument for most DAP/RAP trades governed by the Instrument. For DAP/RAP trades that result from an order to buy or sell securities received from an institutional investor whose investment decisions or settlement instructions are usually made in and communicated from a geographical region outside of the western

hemisphere, the same table can be read to apply to such trades except that references in the second column (matching deadline) to “T+1” and “T” should be read as references to “T+2” and “T+1” respectively.

For DAP/RAP trades executed:	Matching deadline for trades executed anytime on T (Part 3 of Instrument)	Percentage trigger of DAP/RAP trades for registered firm exception reporting (Part 4 of Instrument)
before July 1, 2012	2:00 p.m. on T+1	Less than 90% matched by deadline
after June 30, 2012 but before July 1, 2015	12:00 p.m. (noon) on T+1	Less than 90% matched by deadline
after June 30, 2015 but before July 1, 2016	11:59 p.m. on T	Less than 70% matched by deadline
after June 30, 2016 but before July 1, 2017	11:59 p.m. on T	Less than 80% matched by deadline
after June 30, 2017	11:59 p.m. on T	Less than 90% matched by deadline

7. This Instrument becomes effective on July 1, 2010.

Annex D

Blackline Version of the Proposed Changes to
Companion Policy 24-101CP Institutional Trade Matching and Settlement

This is an unofficial consolidation of Companion Policy 24-101CP *Institutional Trade Matching and Settlement*, with the proposed changes in Annex C of this Notice shown by blackline.

CANADIAN SECURITIES ADMINISTRATORS

COMPANION POLICY 24-101CP
TO NATIONAL INSTRUMENT 24-101—
INSTITUTIONAL TRADE MATCHING AND SETTLEMENT

TABLE OF CONTENTS

COMPANION POLICY 24-101CP
TO NATIONAL INSTRUMENT 24-101—
INSTITUTIONAL TRADE MATCHING AND SETTLEMENT

PART 1 INTRODUCTION, PURPOSE AND DEFINITIONS[1]

1.1 Purpose of Instrument — National Instrument 24-101—*Institutional Trade Matching and Settlement* (Instrument) provides a framework in provincial securities regulation for more efficient and timely trade settlement processing, particularly institutional trades. The increasing volumes and dollar values of securities traded in Canada and globally by institutional investors mean existing back-office systems and procedures of market participants are challenged to meet post-execution processing demands. New requirements are needed to address the increasing risks. The Instrument is part of a broader initiative in the Canadian securities markets to implement straight-through processing (STP).[2]

1.2 General explanation of matching, clearing and settlement —

(1) *Parties to institutional trade* — A typical trade with or on behalf of an institutional investor might involve at least three parties:

- a registered adviser or other *buy-side* manager acting for an institutional investor in the trade—and often acting on behalf of more than one institutional investor in the trade (i.e., multiple underlying institutional client accounts)—who decides what securities to buy or sell and how the assets should be allocated among the client accounts;
- a registered dealer (including an Alternative Trading System registered as a dealer) responsible for executing or clearing the trade; and
- any financial institution or registered dealer (including under a *prime brokerage* arrangement) appointed to hold the institutional investor's assets and settle trades.

(2) *Matching* — A first step in settling a securities trade is to ensure that the buyer and the seller agree on the details of the transaction, a process referred to as trade confirmation and affirmation or trade *matching*.[3] A registered dealer who executes trades with or on behalf of others is required to report and confirm trade details, not only with the counterparty to the trade, but also with the client for whom it acted or the client with whom it traded (in which case, the client would be the counterparty). Similarly, a registered adviser or other buy-side manager is required to report trade details and provide settlement instructions to its custodian. The parties must agree on trade details—sometimes referred to as *trade data elements*— as soon as possible so that errors and discrepancies in the trades can be discovered early in the clearing and settlement process.

(3) *Matching process* — Verifying the trade data elements is necessary to *match* a trade executed on behalf of or with an institutional investor. Matching occurs when the relevant parties to the trade have, after verifying the trade data elements, reconciled or agreed to the details of the trade. Matching also requires that any custodian holding the institutional investor's assets be in a position to affirm the trade so that the trade can be ready for the clearing and settlement process through the facilities of the clearing agency. To illustrate, trade matching usually includes these following activities:

(a) The registered dealer notifies the buy-side manager that the trade was executed.

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1 In this Companion Policy, the terms "CSA", "we", "our" or "us" are used interchangeably and generally mean the same thing as *Canadian securities regulatory authorities* defined in National Instrument 14-101 — *Definitions*.

2 For a discussion of Canadian STP initiatives, see Canadian Securities Administrators' (CSA) Discussion Paper 24-401 on *Straight-through Processing* and Request for Comments, April 16, 2004 (2004) 27 OSCB 3971 to 4031 (Discussion Paper 24-401); and CSA Notice 24-301—*Responses to Comments Received on Discussion Paper 24-401 on Straight-through Processing, Proposed National Instrument 24-101 Post-trade Matching and Settlement, and Proposed Companion Policy 24-101CP to National Instrument 24-101 Post-trade Matching and Settlement*, February 11, 2005 (2005) 28 OSCB 1509 to 1526.

3 The processes and systems for matching of "non-institutional trades" in Canada have evolved over time and become automated, such as retail trades on an exchange, which are matched or *locked-in* automatically at the exchange, or direct non-exchange trades between two participants of a clearing agency, which are generally matched through the facilities of the clearing agency. Dealer to dealer trades are subject to Investment ~~Dealers Association~~Industry Regulatory Organization of Canada (~~IDA) Regulation~~IIROC) Member Rule 800.49, which provides that trades in non-exchange traded securities (including government debt securities) among dealers must be entered or accepted or rejected through the facilities of an "Acceptable Trade Matching Utility" within one hour of the execution of the trade.

(b) The buy-side manager advises the dealer and any custodian(s) how the securities traded are to be allocated among the underlying institutional client accounts managed by the buy-side manager.[4] For so-called *block settlement trades*, the dealer sometimes receives allocation information from the buy-side manager based only on the number of custodians holding institutional investors' assets instead of on the actual underlying institutional client accounts managed by the buy-side manager.

(c) The dealer reports and confirms the trade details to the buy-side manager and clearing agency. The trade details required to be confirmed for matching, clearing and settlement purposes are generally similar to the information required in the customer trade confirmation delivered pursuant to securities legislation or self-regulatory organization (SRO) rules.[5]

(d) The custodian or custodians of the assets of the institutional investor verify the trade details and settlement instructions against available securities or funds held for the institutional investor. After trade details are agreed, the buy-side manager instructs the custodian(s) to release funds and/or securities to the dealer through the facilities of the clearing agency.

(4) *Clearing and settlement* — The *clearing* of a trade begins after the execution of the trade. After matching is completed, clearing will involve the calculation of the mutual obligations of participants for the exchange of securities and money—a process which generally occurs within the facilities of a clearing agency. The *settlement* of a trade is the moment when the securities are transferred finally and irrevocably from one participant to another in exchange for a corresponding transfer of money. In the context of settlement of a trade through the facilities of a clearing agency, often acting as central counterparty, settlement will be the discharge of obligations in respect of funds or securities, computed on a net basis, between and among the clearing agency and its participants. Through the operation of novation and set-off in law or by contract, the clearing agency becomes a counterparty to each trade so that the mutual obligation to settle the trade is between the clearing agency and each participant.

1.3 Section 1.1 - Definitions and scope —

(1) *Clearing agency* — Today, the definition of *clearing agency* applies only to The Canadian Depository for Securities Limited (CDS). The definition takes into account the fact that securities regulatory authorities in Ontario and Quebec currently recognize or otherwise regulate clearing agencies in Canada under provincial securities legislation.[6] The functional meaning of *clearing agency* can be found in the securities legislation of certain jurisdictions.[7]

(2) *Custodian* — While investment assets are sometimes held directly by investors, most are held on behalf of the investor by or through securities accounts maintained with a financial institution or dealer. The definition of *custodian* includes both a financial institution (non-dealer custodian) and a dealer acting as custodian (dealer custodian). Most institutional investors, such as pension and mutual funds, hold their assets through custodians that are prudentially-regulated financial institutions. However, others (like hedge funds) often maintain their investment assets with dealers under so-called *prime-brokerage* arrangements. A financial institution or dealer in Canada need not necessarily have a direct contractual relationship with an institutional investor to be considered a custodian of portfolio assets of the institutional investor for the purposes of the Instrument if it is acting as sub-custodian to a global custodian or international central securities depository.

(3) *Institutional investor* — ~~An individual can be an "institutional investor" if the individual~~A client of a dealer that has been granted DAP/RAP trading privileges ~~(i.e., he or she has a DAP/RAP account with a dealer)~~is an institutional investor. This will likely be the case whenever ~~an individual~~a client's investment assets are held by or through securities accounts maintained with a custodian instead of the ~~individual~~client's dealer that executes ~~his or her~~its trades. While the expression "institutional trade" is not defined in the Instrument, we use the expression in this Companion Policy to mean broadly any DAP/RAP trade.

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[4] We remind investment counsel/portfolio managers (ICPMs) of their obligations to ensure fairness in the allocation of investment opportunities among the ICPM's clients. An ICPM's written fairness policies should include the following disclosures, where applicable to its investment processes: (i) method used to allocate price and commission among clients when trades are bunched or blocked; (ii) method used to allocate block trades and IPOs among client accounts, and (iii) method used to allocate among clients block trades and IPOs that are partially filled (e.g., pro-rata). Securities legislation requires ICPMs to file a copy of their current fairness policies with securities regulatory authorities. See, for example, Regulation 115 under the *Securities Act* (Ontario) and OSC Staff Notice 33-723—*Fair Allocation of Investment Opportunities—Compliance Team Desk Review*.

[5] See, for example, section 36 of the *Securities Act* (Ontario), The Toronto Stock Exchange (TSX) Rule 2-405 and ~~IDA Regulation~~IIROC Member Rule 200.1(h).

[6] CDS is also regulated by the Bank of Canada pursuant to the *Payment Clearing and Settlement Act* (Canada).

[7] See, for example, s. 1(1) of the *Securities Act* (Ontario).

(4) *DAP/RAP trade* — The concepts *delivery against payment* and *receipt against payment* are generally understood by the industry. They are also defined terms in the Notes and Instructions (Schedule 4) to the *Joint Regulatory Financial Questionnaire and Report* of the Canadian SROs. All DAP/RAP trades, whether settled by a non-dealer custodian or a dealer custodian, are subject to the requirements of Part 3 of the Instrument. The definition of DAP/RAP trade excludes a trade for which settlement is made on behalf of a client by a custodian that is also the dealer that executed the trade.

(5) *Trade-matching party* — An institutional investor, whether Canadian or foreign-based, ~~is~~may be a trade- matching party. As such, it, or its adviser ~~would be required to~~that is acting for it in processing a trade, should enter into a trade-matching agreement or provide a trade-matching statement under Part 3 of the Instrument. However, an institutional investor that is an individual or a person or company that has net investment assets under administration or management of less than $10,000,000, is not a trade-matching party. A custodian that settles a trade on behalf of an institutional investor is also a trade-matching party and ~~must~~should enter into a trade-matching agreement or provide a trade-matching statement. However, a foreign global custodian or international central securities depository that holds Canadian portfolio assets through a local Canadian sub-custodian would not normally be considered a trade-matching party if it is not a clearing agency participant or otherwise directly involved in settling the trade in Canada.

(6) *Application of Instrument* — Part 2 of the Instrument enumerates certain types of trades that are not subject to the Instrument.

PART 2 TRADE MATCHING REQUIREMENTS

2.1 Trade data elements — Trade data elements that must be verified and agreed to are those identified by the SROs or the best practices and standards for institutional trade processing established and generally adopted by the industry. See section 2.4 of this Companion Policy. To illustrate, trade data elements that should be transmitted, compared and agreed to may include the following:

(a) *Security identification*: standard numeric identifier, currency, issuer, type/class/series, market ID; and

(b) *Order and trade information*: dealer ID, account ID, account type, buy/sell indicator, order status, order type, unit price/face amount, number of securities/quantity, message date/time, trade transaction type, commission, accrued interest (fixed income), broker settlement location, block reference, net amount, settlement type, allocation sender reference, custodian, payment indicator, IM portfolio/account ID, quantity allocated, and settlement conditions.

2.2 Trade matching deadlines for registered firms — The obligation of a registered dealer or registered adviser to establish, maintain and enforce policies and procedures, pursuant to sections 3.1 and 3.3 of the Instrument, will require the dealer or adviser to take reasonable steps to achieve matching as soon as practical after the DAP/RAP trade is executed and in any event no later than the end of T. If the trade results from an order to buy or sell securities received from an institutional investor whose investment decisions or settlement instructions are usually made in and communicated from a geographical region outside of the western hemisphere, the deadline for matching is the end of T+1 (subsections 3.1(2) and 3.3(2)). These deadlines are being transitioned into effect over time as described in Part 7.

2.3 Choice of trade-matching agreement or trade-matching statement —

(1) *Establishing, maintaining and enforcing policies and procedures* —

(a) ~~A registered dealer or registered adviser can open an account for an institutional investor, or accept or give, as the case may be, an order for an existing account of an institutional investor, only if each of the trade-matching parties has~~Under sections 3.2 and 3.4, a registered dealer's or registered adviser's policies and procedures must be designed to encourage trade-matching parties to either (i) ~~entered~~enter into a trade-matching agreement with the dealer or adviser or (ii) ~~provided~~provide or ~~made~~make available a trade-matching statement to the dealer or adviser ~~(sections 3.2 and 3.4)~~. The purpose of the trade-matching agreement or trade-matching statement is to ensure that all trade-matching parties have established, maintain, and enforce appropriate policies and procedures designed to achieve matching of a DAP/RAP trade as soon as practical after the trade is executed. If the dealer or adviser is unable to obtain a trade-matching agreement or statement from a trade-matching party, it should document its efforts in accordance with its policies and procedures.

(b) The parties described in paragraphs (a), (b), (c), and (d) of the definition "trade-matching party" in section 1.1 of the Instrument need not necessarily all be involved in a trade for the requirements of sections 3.2 and 3.4 of the Instrument to apply. ~~For example, the requirement to enter into a trade-matching agreement or provide a trade-matching statement will apply in a simple case where an individual has a DAP/RAP trading account with a dealer and investment assets held separately by a custodian (sections 3.2 and 3.4).~~ There is no need for an

adviser to be involved in the ~~individual's investment decisions~~matching process of an institutional investor's trades for the requirement to apply ~~to the dealer, the custodian and the institutional investor~~. In this case, the trade-matching parties that ~~must~~should have appropriate policies and procedures in place would be the ~~individual (as~~ institutional investor~~)~~, the dealer and the custodian.

(c) ~~Where a trade-matching party is an entity, we are of the view that a~~The Instrument does not provide the form of a trade-matching agreement or trade-matching statement other than it be in writing. Subsections (2) and (3) below provide some guidance on these documents. A trade-matching agreement or trade-matching statement should be signed by a senior executive officer of the entity to ensure its policies and procedures are given sufficient attention and priority within the entity's senior management. A senior executive officer would ~~be~~include any individual who is (a) the chair of the entity, if that individual performs the functions of the office on a full time basis, (b) a vice-chair of the entity, if that individual performs the functions of the office on a full time basis, (c) the president, chief executive officer or chief operating officer of the entity, and (d) a senior vice-president of the entity in charge of the entity's operations and back-office functions.

(2) *Trade-matching agreement* —

(a) A registered dealer or registered adviser need only enter into one trade-matching agreement with the other trade-matching parties for new or existing DAP/RAP trading accounts of an institutional investor for all future trades in relation to such account. The trade-matching agreement may be a single multi-party agreement among the trade-matching parties, or a network of bilateral agreements. A single trade-matching agreement is also sufficient for the general and all sub-accounts of the registered adviser or buy-side manager. If the dealer or adviser uses a trade-matching agreement, the form of such agreement may be incorporated into the institutional account opening documentation and may be modified from time to time with the consent of the parties.

(b) The agreement must specify the roles and responsibilities of each of the trade-matching parties and should describe the minimum standards and best practices to be incorporated into the policies and procedures that each party has in place. This should include the timelines for accomplishing the various steps and tasks of each trade-matching party for timely matching. For example, the agreement may include, as applicable, provisions dealing with:

For the dealer executing and/or clearing the trade:

- how and when the notice of trade execution (NOE) is to be given to the institutional investor or its adviser, including the format and content of the NOE (e.g., electronic);
- how and when trade details are to be entered into the dealer's internal systems and the clearing agency's systems;
- how and when the dealer is to correct or adjust trade details entered into its internal systems or the clearing agency's systems as may be required to agree to trade details with the institutional investor or its adviser;
- general duties of the dealer to cooperate with other trade-matching parties in the investigation, adjustment, expedition and communication of trade details to ensure trades can be matched within prescribed timelines.

For the institutional investor or its adviser:

- how and when to review the NOE's trade details, including identifying any differences from its own records;
- how and when to notify the dealer of trade differences, if any, and resolve such differences;
- how and when to determine and communicate settlement details and account allocations to the dealer and/or custodian(s);
- general duties of the institutional investor or its adviser to cooperate with other trade-matching parties in the investigation, adjustment, expedition and communication of trade details to ensure trades can be matched within prescribed timelines.

For the custodian settling the trade at the clearing agency:

- how and when to receive trade details and settlement instructions from institutional investors or their advisers;
- how and when to review and monitor trade details submitted to the clearing agency on an ongoing basis for items entered and awaiting affirmation or challenge;
- how and when to report to institutional investors or their advisers on an ongoing basis changes to the status of a trade and the matching of a trade;
- general duties of the custodian to cooperate with other trade-matching parties in the investigation, adjustment, expedition and communication of trade details to ensure trades can be matched within prescribed timelines.

(3) *Trade-matching statement* — A single trade-matching statement is sufficient for the general and all sub-accounts of the registered adviser or buy-side manager. A registered dealer or registered adviser may accept a trade-matching statement signed by a senior executive officer of a trade-matching party without further investigation and may continue to rely upon the statement for all future trades in an account, unless the dealer or adviser has knowledge that any statements or facts set out in the statement are incorrect. Mass mailings or emails of a trade-matching statement, or the posting of a single uniform trade-matching statement on a Website, would be acceptable ways of providing the statement to other trade-matching parties. A registered firm may rely on a trade-matching party's representations that the trade-matching statement was provided to the other trade-matching parties without further investigation.

(4) *Monitoring and enforcement of undertakings in trade-matching documentation* — Registered dealers and advisers should use reasonable efforts to monitor compliance with the terms or undertakings set out in the trade-matching agreements or trade-matching statements~~. Dealers and advisers should report details of non-compliance in their Form 24-101F1 exception reports. This could include identifying to the regulators those trade-matching parties that are consistently non-compliant either because they do not have adequate policies and procedures in place or because they are not consistently complying with them~~ in accordance with their policies and procedures.

~~Dealers~~Registered dealers and advisers should also take active steps to address problems if the policies and procedures of other trade-matching parties appear to be inadequate and are causing delays in the matching process. Such steps might include imposing monetary incentives (e.g. penalty fees) or requesting a third party review or assessment of the party's policies and procedures. This approach could enhance cooperation among the trade-matching parties leading to the identification of the root causes of failures to match trades on time.

2.4 Determination of appropriate policies and procedures —

(1) *Best practices* — We are of the view that, when establishing appropriate policies and procedures, a party should consider the industry's generally adopted best practices and standards for institutional trade processing.[8] It should also include those policies and procedures into its regulatory compliance and risk management programs.

(2) *Different policies and procedures* — We recognize that appropriate policies and procedures may not be the same for all registered dealers, registered advisers and other market participants because of the varying nature, scale and complexity of a market participant's business and risks in the trading process. For example, policies and procedures designed to achieve matching may differ among a registered dealer that acts as an "introducing broker" and one that acts as a "carrying broker".[~~9~~8] In addition, if a dealer is not a clearing agency participant, the dealer's policies and procedures to expeditiously achieve matching should be integrated with the clearing arrangements that it has with any other dealer acting as carrying or clearing broker for the dealer. Establishing appropriate policies and procedures may require registered dealers, registered advisers and other market participants to upgrade their systems and enhance their interoperability with others.[~~10~~9]

2.5 Use of matching service utility — The Instrument does not require the trade-matching parties to use the facilities or services of a matching service utility to accomplish matching of trades within the prescribed timelines. However, if such

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8 ~~The Canadian Capital Markets Association (CCMA) released in December 2003 the final version of a document entitled *Canadian Securities Marketplace Best Practices and Standards: Institutional Trade Processing, Entitlements and Securities Lending* ("CCMA Best Practices and Standards White Paper") that sets out best practices and standards for the processing for settlement of institutional trades, the processing of entitlements (corporate actions), and the processing of securities lending transactions. The CCMA Best Practices and Standards White Paper can be found on the CCMA website at www.ccma-acmc.ca.~~

~~9~~8 See ~~IDA By-Law No.~~IIROC Member Rule 35 — *Introducing Broker / Carrying Broker Arrangements*.

~~10~~9 See Discussion Paper 24-401, at p. 3984, for a discussion of *interoperability*.

facilities or services are made available in Canada, the use of such facilities or services may help a trade-matching party's compliance with the Instrument's requirements.

PART 3 INFORMATION REPORTING REQUIREMENTS

3.1 Exception reporting for registered firms —

(a) Part 4 of the Instrument requires a registered firm to complete and deliver to the securities regulatory authority Form 24-101F1 and related exhibits. The percentage for equity trades is to be determined on the number of trades, while the percentage for debt trades must be based on the aggregate value of trades for each quarter. Form 24-101F1 need only be delivered if less than a percentage target of the DAP/RAP trades executed by or for the registered firm in any given calendar quarter have matched within the time required by the Instrument. Tracking of a registered firm's trade-matching statistics may be outsourced to a third party service provider, including a clearing agency or custodian. However, despite the outsourcing arrangement, the registered firm retains full legal and regulatory liability and accountability to the Canadian securities regulatory authorities for its exception reporting requirements. If a registered firm has insufficient information to determine whether it has achieved the percentage target of matched DAP/RAP trades in any given calendar quarter, it must explain in Form 24-101F1 the reasons for this and the steps it is taking to obtain this information in the future.

(b) Form 24-101F1 requires registered firms to provide aggregate quantitative information on their equity and debt DAP/RAP trades. They must also provide qualitative information on the circumstances or underlying causes that resulted in or contributed to the failure to achieve the percentage target for matched equity and/or debt DAP/RAP trades within the maximum time prescribed by Part 3 of the Instrument and the specific steps they are taking to resolve delays in the trade reporting and matching process in the future. Registered firms should provide information that is relevant to their circumstances. For example, dealers should provide information demonstrating problems with NOEs or reporting of trade details to the clearing agency. Reasons given for the failure could be one or more matters within the registered firm's control or due to another trade-matching party or service provider.

(c) The steps being taken by a registered firm to resolve delays in the matching process could be internally focused, such as implementing a new system or procedure, or externally focused, such as meeting with a trade-matching party to determine what action should be taken by that party. Dealers should confirm what steps they have taken to inform and encourage their clients to comply with the requirements or undertakings of the trade-matching agreement and/or trade-matching statement. They should confirm what problems, if any, they have encountered with their clients, other trade-matching parties or service providers. They should identify the trade-matching party or service provider that appears to be consistently not meeting matching deadlines or to have no reasonable policies and procedures in place. Advisers should provide similar information, including information demonstrating problems with communicating allocations or with service providers or custodians.

3.2 Regulatory reviews of registered firm exception reports —

(a) We will review the completed Forms 24-101F1 on an ongoing basis to monitor and assess compliance by registered firms with the Instrument's matching requirements. We will identify problem areas in matching, including identifying trade-matching parties that have no or weak policies and procedures in place to ensure matching of trades is accomplished within the time prescribed by Part 3 of the Instrument. Monitoring and assessment of registered firm matching activities may be undertaken by the SROs in addition to, or in lieu of, reviews undertaken by us.

(b) Consistent inability to meet the matching percentage target will be considered as evidence by the Canadian securities regulatory authorities that either the policies and procedures of one or more of the trade matching parties have not been properly designed or, if properly designed, have been inadequately complied with. Consistently poor qualitative reporting will also be considered as evidence of poorly designed or implemented policies and procedures. See also section 2.3(4) of this Companion Policy for a further discussion of our approach to compliance and enforcement of the trade-matching requirements of the Instrument.

3.3 Other information reporting requirements — Clearing agencies and matching service utilities are required to include in Forms 24-101F2 and 24-101F5 certain trade-matching information in respect of their participants or users/subscribers. The purpose of this information is to facilitate monitoring and enforcement by the Canadian securities regulatory authorities or SROs of the Instrument's matching requirements.

3.4 Forms delivered in electronic form — Registered firms may complete their Form 24-101F1 on-line on the CSA's website at the following URL addresses:

In English: http://www.securities-administrators.ca/industry_resources.aspx?id=52.

~~**3.4 Forms delivered in electronic form —** We prefer that all forms and exhibits required to be delivered to the securities regulatory authority under the Instrument be delivered in electronic format by e-mail. Each securities regulatory authority will publish a local notice setting out the e-mail address or addresses to which the forms are to be sent.~~

In French: http://www.autorites-valeurs-mobilieres.ca/ressources_professionnelles.aspx?id=52

3.5 Confidentiality of information — The forms delivered to the securities regulatory authority by a registered firm, clearing agency and matching service utility under the Instrument will be treated as confidential by us, subject to the applicable provisions of the freedom of information and protection of privacy legislation adopted by each province and territory. We are of the view that the forms contain intimate financial, commercial and technical information and that the interests of the providers of the information in non-disclosure outweigh the desirability of making such information publicly available. However, we may share the information with SROs and may publicly release aggregate industry-wide matching statistics on equity and debt DAP/RAP trading in the Canadian markets.

PART 4 REQUIREMENTS FOR MATCHING SERVICE UTILITIES

4.1 Matching service utility —

(1) Part 6 of the Instrument sets out reporting, systems capacity, and other requirements of a matching service utility. The term *matching service utility* expressly excludes a clearing agency. A matching service utility would be any entity that provides the services of a post-execution centralized matching facility for trade-matching parties. It may use technology to match in real-time trade data elements throughout a trade's processing lifecycle. A matching service utility would not include a registered dealer who offers "local" matching services to its institutional investor-clients.

(2) A matching service utility would be viewed by us as an important infrastructure system involved in the clearing and settlement of securities transactions. We believe that, while a matching service utility operating in Canada would largely enhance operational efficiency in the capital markets, it would raise certain regulatory concerns. Comparing and matching trade data are complex processes that are inextricably linked to the clearance and settlement process. A matching service utility concentrates processing risk in the entity that performs matching instead of dispersing that risk more to the dealers and their institutional investor-clients. Accordingly, we believe that the breakdown of a matching service utility's ability to accurately verify and match trade information from multiple market participants involving large numbers of securities transactions and sums of money could have adverse consequences for the efficiency of the Canadian securities clearing and settlement system. The requirements of the Instrument applicable to a matching service utility are intended to address these risks.

4.2 Initial information reporting requirements for a matching service utility — Sections 6.1(1) and 10.2(4) of the Instrument require any person or company that carries on or intends to carry on business as a matching service utility to deliver Form 24-101F3 to the securities regulatory authority. We will review Form 24-101F3 to determine whether the person or company that delivered the form is an appropriate person or company to act as a matching service utility for the Canadian capital markets. We will consider a number of factors when reviewing the form, including:

(a) the performance capability, standards and procedures for the transmission, processing and distribution of details of trades executed on behalf of institutional investors;

(b) whether market participants generally may obtain access to the facilities and services of the matching service utility on fair and reasonable terms;

(c) personnel qualifications;

(d) whether the matching service utility has sufficient financial resources for the proper performance of its functions;

(e) the existence of, and interoperability arrangements with, another entity performing a similar function for the same type of security; and

(f) the systems report referred to in section 6.5(b) of the Instrument.

4.3 Change to significant information — Under section 6.2 of the Instrument, a matching service utility is required to deliver to the securities regulatory authority an amendment to the information provided in Form 24-101F3 at least 45

days before implementing a significant change involving a matter set out in Form 24-101F3. In our view, a significant change includes a change to the information contained in the General Information items 1-10 and Exhibits A, B, E, G, I, J, O, P and Q of Form 24-101F3.

4.4 Ongoing information reporting and other requirements applicable to a matching service utility —

(1) Ongoing quarterly information reporting requirements will allow us to monitor a matching service utility's operational performance and management of risk, the progress of interoperability in the market, and any negative impact on access to the markets. A matching service utility will also provide trade matching data (e.g., number of trades matched on T) and other information to us so that we can monitor industry compliance.

(2) Completed forms delivered by a matching service utility will provide useful information on whether it is:

(a) developing fair and reasonable linkages between its systems and the systems of any other matching service utility in Canada that, at a minimum, allow parties to executed trades that are processed through the systems of both matching service utilities to communicate through appropriate, effective interfaces;

(b) negotiating with other matching service utilities in Canada fair and reasonable charges and terms of payment for the use of interface services with respect to the sharing of trade and account information; and

(c) not unreasonably charging more for use of its facilities and services when one or more counterparties to trades are customers of other matching service utilities than the matching service utility would normally charge its customers for use of its facilities and services.

4.5 Capacity, integrity and security system requirements —

(1) The activities in section 6.5(a) of the Instrument must be carried out at least once a year. We would expect these activities to be carried out even more frequently if there is a significant change in trading volumes that necessitates that these functions be carried out more frequently in order to ensure that the matching service utility can appropriately service its clients.

(2) The independent review contemplated by section 6.5(b) of the Instrument should be performed by competent and independent audit personnel, in accordance with generally accepted auditing standards. Depending on the circumstances, we would consider accepting a review performed and written report delivered pursuant to similar requirements of a foreign regulator to satisfy the requirements of this section. A matching service utility that wants to advocate for that result must submit a request for discretionary relief.

(3) The notification of a material systems failure under section 6.5(c) of the Instrument should be provided promptly from the time the incident was identified as being material and should include the date, cause and duration of the interruption and its general impact on users or subscribers. We consider promptly to mean within one hour from the time the incident was identified as being material. Material systems failures include serious incidents that result in the interruption of the matching of trades for more than thirty minutes during normal business hours.

PART 5 TRADE SETTLEMENT

5.1 Trade settlement by dealer — Section 7.1 of the Instrument is intended to support and strengthen the general settlement cycle rules of the SROs and marketplaces. Current SRO and marketplace rules mandate a standard T+3 settlement cycle period for most transactions in equity and long term debt securities.[~~11~~10] If a dealer is not a participant of a clearing agency, the dealer's policies and procedures to facilitate the settlement of a trade should be combined with the clearing arrangements that it has with any other dealer acting as carrying or clearing broker for the dealer.

PART 6 REQUIREMENTS OF SELF-REGULATORY ORGANIZATIONS AND OTHERS

6.1 Standardized documentation — Without limiting the generality of section 8.2 of the Instrument, an SRO may require its members to use, or recommend that they use, a standardized form of trade-matching agreement or trade-matching statement prepared or approved by the SRO, and may negotiate on behalf of its members with other trade-matching parties and industry associations to agree on the standardized form of trade-matching agreement or trade-matching statement to be used by all relevant sectors in the industry (dealers, buy-side managers and custodians).

[~~11~~10] See, for example, ~~IDA Regulation~~IIROC Member Rule 800.27 and TSX Rule 5-103(1).

PART 7 TRANSITION

7.1 Transitional dates and percentages — The following table summarizes the ~~coming-into-force and~~ transitional provisions of ~~Part 10 of~~ the Instrument for most DAP/RAP trades governed by the Instrument. For DAP/RAP trades that result from an order to buy or sell securities received from an institutional investor whose investment decisions or settlement instructions are usually made in and communicated from a geographical region outside of the western hemisphere, the same table can be read to apply to such trades except that references in the second column (matching deadline) to "T+1" and "T" should be read as references to "T+2" and "T+1" respectively.

~~For DAP/RAP trades executed:~~	~~Matching deadline for trades executed anytime on T (Part 3 of Instrument)~~	~~Percentage trigger of DAP/RAP trades for~~ registered firm ~~exception reporting (Part 4 of Instrument)~~	~~Periods in which: - exception reporting must be made (Part 4 of Instrument) - documentation must be in place (Sections 3.2 and 3.4 of Instrument)~~
~~after March 31, 2007 but before October 1, 2007~~	~~12:00 p.m. (noon) on T+1~~	~~N/A[29]~~	~~Not required~~
~~after September 30, 2007 but before January 1, 2008~~	~~12:00 p.m. (noon) on T+1~~	~~Less than 80% matched by deadline~~	~~Required~~
~~after December 31, 2007 but before July 1, 2008~~	~~12:00 p.m. (noon) on T+1~~	~~Less than 90% matched by deadline~~	~~Required~~
~~after June 30, 2008 but before January 1, 2009~~	~~11:59 p.m. on T~~	~~Less than 70% matched by deadline~~	~~Required~~
~~after December 31, 2008 but before July 1, 2009~~	~~11:59 p.m. on T~~	~~Less than 80% matched by deadline~~	~~Required~~
~~after June 30, 2009, but before January 1, 2010~~	~~11:59 p.m. on T~~	~~Less than 90% matched by deadline~~	~~Required~~
~~after December 31, 2009~~	~~11:59 p.m. on T~~	~~Less than 95% matched by deadline~~	~~Required~~

For DAP/RAP trades executed:	Matching deadline for trades executed anytime on T (Part 3 of Instrument)	Percentage trigger of DAP/RAP trades for registered firm exception reporting (Part 4 of Instrument)
before July 1, 2012	2:00 p.m. on T+1	Less than 90% matched by deadline
after June 30, 2012 but before July 1, 2015	12:00 p.m. (noon) on T+1	Less than 90% matched by deadline
after June 30, 2015 but before July 1, 2016	11:59 p.m. on T	Less than 70% matched by deadline
after June 30, 2016 but before July 1, 2017	11:59 p.m. on T	Less than 80% matched by deadline
after June 30, 2017	11:59 p.m. on T	Less than 90% matched by deadline

~~[29] Although exception reporting is not required during this period (see next column), we recommend that registered firms consider applying a 70% threshold for internal measurement purposes in anticipation of reporting commencing on October 1, 2007.~~

ANNEX E

ONTARIO SECURITIES COMMISSION
NOTICE AND REQUEST FOR COMMENT

1. Introduction

The CSA are proposing amendments to NI 24-101 and the Companion Policy. These proposed amendments are described in the related CSA notice preceding this notice. Expressions used in this notice share the meanings provided in the related CSA notice.

The Ontario Securities Commission is proposing, consequential to the proposed amendments described in the CSA notice, to revoke Ontario Securities Commission Rule 24-502 *Exemption from Transitional Rule: Extension of Transitional Phase-In Period in National Instrument 24-101 – Institutional Trade Matching and Settlement* (OSC Rule 24-502).

In this notice, the proposed amendments described in the CSA notice and the proposed revocation of OSC Rule 24-502 are referred to as the Proposed Amendments.

The purpose of this notice is to supplement the CSA notice.

2. Substance and purpose of the Proposed Amendments

The substance and purpose of the Proposed Amendments is make adjustments to measures in NI 24-101 and its CP relating to the matching of institutional trades.

3. Summary of the Proposed Amendments

The proposed amendments to NI 24-101 and its CP are described in the CSA notice. The Proposed Amendments would also revoke OSC Rule 24-502 because it would no longer be needed as the Proposed Amendments are designed to apply uniformly across Canada without the need for a local Ontario rule or related blanket relief orders in other CSA jurisdictions.

4. Authority for the Proposed Amendments

The Proposed Amendments are being made under the following provisions of the *Securities Act* (Ontario) (Act):

- Paragraph 11 of subsection 143(1) of the Act, which authorizes the Commission to make rules regulating the listing or trading of publicly traded securities, including requiring reporting of trades and quotations.
- Subparagraph 2(i) of subsection 143(1) of the Act, which authorizes the Commission to make rules in respect of standards of practice and business conduct of registrants in dealing with their customers and clients and prospective customers and clients.
- Paragraph 12 of subsection 143(1) of the Act, which authorizes the Commission to make rules regulating recognized stock exchanges, recognized self-regulatory organizations, recognized quotation and trade reporting systems, and recognized clearing agencies.

5. Alternatives to the Proposed Amendments

No alternatives to the Proposed Amendments were considered.

6. Unpublished materials

The unpublished materials considered with respect to the Proposed Amendments are described under the heading "**VII. Unpublished Materials**" in the CSA notice.

7. Costs and benefits

We do not anticipate any substantive costs to stakeholders in implementing the Proposed Amendments. The primary benefit in implementing the Proposed Amendments, particularly the extension of the transition of the midnight on T deadline to July 1, 2015, is the additional time the industry will have in achieving NI 24-101's overall objective to reduce operating costs and risk in ITM and clearing and settlement processes.

8. Text of revocation instrument

The proposed revocation instrument for OSC Rule 24-502 would be worded as follows:

1. Ontario Securities Commission Rule 24-502 Exemption from Transitional Rule: Extension of Transitional Phase-In Period in National Instrument 24-101 – Institutional Trade Matching and Settlement is revoked by this Instrument.

2. This Instrument comes into force on July 1, 2010.

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesScource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND 45-501F1

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
09/30/2009	1	80/20 Solutions Inc. - Preferred Shares	350,000.00	2,033,701.00
09/29/2009	1	A123 Systems, Inc. - Common Shares	14,675.85	1,000.00
09/30/2009	48	ACM Commercial Mortgage Fund - Units	7,259,793.00	N/A
09/30/2009	1	Alothon Fund II, L.P. - Limited Partnership Interest	943,536.00	943,536.00
10/06/2009	4	Amanta Resources Ltd. - Units	161,000.00	2,300,000.00
10/01/2009	45	American Consolidated Minerals Corp. - Units	984,250.00	19,685,000.00
09/30/2009	66	Anfield Nickel Corp. - Common Shares	15,679,400.00	5,600,000.00
10/05/2009	84	Arctic Hunter Uranium Inc. - Units	600,000.00	3,000,000.00
09/28/2009	12	Armistice Resources Corp. - Units	1,172,396.64	N/A
10/06/2009	79	Artha Resources Corporation - Units	750,000.00	7,500,000.00
09/29/2009	8	Artio Global Investors Inc. - Common Shares	18,934,200.00	670,000.00
09/28/2008 to 12/22/2008	13	Aslan Holding Corporation - Units	2,225,405.00	N/A
09/28/2009	4	Aspenware, Inc. - Common Shares	180,837.50	157,250.00
09/29/2009	1	ATP Oil & Gas Corporation - Common Shares	4,022,000.00	5,300,000.00
09/29/2009	3	ATP Oil & Gas Corporation - Preferred Shares	27,721,050.00	1,400,000.00
09/17/2009	57	Avalon Rare Metals Inc. - Warrants	17,514,250.00	N/A
10/13/2009	3	Avis Budget Group Inc. - Notes	2,780,460.00	N/A
09/24/2009	10	BacTech Mining Corporation - Units	155,000.00	1,937,500.00
10/05/2009	1	Bison Income Trust II - Trust Units	400,000.00	40,000.00
07/27/2009 to 08/06/2009	3	Bison Prime Mortgage Fund - Trust Units	185,000.00	18,500.00
10/02/2009	1	BlackRock Public-Private Investment (Offrshore) Fund, L.P. - Limited Partnership Interest	75,915,000.00	1.00
10/01/2009	1	Blockbuster Inc. - Notes	530,650.00	N/A
09/18/2009	3	Blue Note Mining Inc. - Units	700,000.00	3,500,000.00
09/29/2009	16	BMW Canada Auto Trust - Notes	395,262,821.58	N/A
09/16/2009	87	Boxxer Gold Corp. - Units	1,000,000.00	25,000,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
09/28/2009	53	Bralone Gold Mines Ltd. - Units	3,409,838.70	N/A
09/16/2009	7	Canadian Imperial Bank of Commerce - Notes	480,000.00	N/A
09/25/2009	21	Canadian Imperial Bank of Commerce - Notes	3,240,000.00	32,400.00
09/24/2009	12	Canadian Quantum Energy Corporation - Common Shares	1,499,998.20	662,961.00
10/08/2009	210	Cantrell Capital Corp. - Units	45,000,000.00	18,600,000.00
10/05/2009	100	CBM Asia Development Corp. - Units	3,300,000.00	11,000,000.00
09/14/2009	12	Champion Minerals Inc. - Units	800,000.00	3,200,000.00
10/05/2009	2	China Resources Cement Holdings Limited - Common Shares	16,740,000.00	31,000,000.00
08/07/2009	1	Claymore MAC Global Solar energy Index E - Common Shares	63,475.20	5,800.00
09/30/2009 to 10/09/2009	9	CMC Markets UK plc - Contracts for Differences	97,601.00	9.00
10/01/2009	22	Columbus Silver Corporation - Units	536,023.00	5,360,230.00
09/17/2009	82	Consolidated Thompson Iron Mines Limited - Common Shares	144,210,000.00	32,775,000.00
08/12/2009 to 08/26/2009	4	Consumer Discreationaryselt - Common Shares	5,512,976.35	194,100.00
09/25/2009	2	Counsel Corporation - Common Shares	675,000.00	900,000.00
09/30/2009	1	Credit Suisse - Lincoln Educational Services Corporation - Common Shares	608,856.75	28,100.00
09/30/2009	8	CRS Electronics Inc. - Units	525,000.00	1,749,999.00
10/14/2009	36	DeeThree Exploration Inc. - Common Shares	5,000,000.00	2,000,000.00
09/30/2009	1	Development Notes Limited Partnership - Units	211,040.00	211,040.00
10/20/2009	1	Development Notes Limited Partnership - Units	50,000.00	50,000.00
09/21/2009	9	Dumont Nickel Inc. - Flow-Through Shares	180,000.00	7,200,000.00
09/30/2009	5	Dynacap Global Capital Fund II L.P. - Units	498,573.00	N/A
09/29/2009	59	Eagle Hill Exploration Corporation - Common Shares	2,249,999.90	N/A
09/24/2009 to 10/01/2009	2	Edgeworth Mortgage Investment Corporation - Preferred Shares	73,000.00	N/A
10/14/2009 to 10/19/2009	2	Edgeworth Mortgage Investment Corporation - Preferred Shares	176,430.00	17,634.00
10/07/2009	1	Education Management Corporation - Common Shares	955,710.00	50,000.00
09/14/2009	20	Endurance Gold Corporation - Flow-Through Shares	600,000.00	10,000,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
04/22/2009	17	Evergreen Mortgage Corp. - Common Shares	1,725,000.00	1,725,000.00
09/17/2009	18	Everton Resources Inc. - Units	777,199.80	5,181,332.00
08/07/2009 to 08/26/2009	3	Financial Select Sector SPDR - Common Shares	14,931,528.98	965,700.00
09/29/2009	4	Fire River Gold Corp. - Units	59,400.00	198,000.00
10/05/2009	2	First Industrial Realty Trust Inc. - Common Shares	1,440,093.38	12,500,000.00
10/06/2009	1	First Leaside Expansion Limited Partnership - Notes	200,000.00	200,000.00
10/20/2009	1	First Leaside Fund - Trust Units	5,055.00	5,055.00
10/15/2009 to 10/19/2009	4	First Leaside Fund - Trust Units	114,533.00	114,533.00
10/06/2009	1	First Leaside Fund - Units	3,650.81	3,438.00
10/01/2009	1	First Leaside Fund - Units	150,000.00	150,000.00
10/02/2009 to 10/06/2009	4	First Leaside Premier Limited Partnership - Units	404,391.66	379,780.00
10/16/2009 to 10/20/2009	2	First Leaside Premier Limited Partnership - Units	156,250.00	149,164.00
09/30/2009 to 10/06/2009	4	First Leaside Progressive Limited Partnership - Units	446,103.00	446,103.00
10/16/2009	2	First Leaside Progressive Limited Partnership - Units	150,000.00	150,000.00
10/01/2009	10	First Leaside Wealth Management Inc. - Preferred Shares	100,000.00	100,000.00
10/20/2009	1	First Leaside Wealth Management Inc. - Preferred Shares	38,500.00	38,500.00
09/23/2009	2	Focus Metals Inc. - Common Shares	35,000.00	700,000.00
09/22/2009	32	Focus Ventures Ltd. - Common Shares	1,284,000.00	1,000,000.00
10/02/2009	1	Ford Auto Securitization Trust - Notes	352,019,765.52	N/A
10/02/2009	1	Ford Auto Securitization Trust - Notes	378,000,000.00	N/A
10/01/2009	153	GDC Investments Inc. - Common Shares	2,368,500.00	23,685.00
09/14/2009 to 09/18/2009	6	General Motors Acceptance Corporation of Canada, Limited - Notes	2,162,679.29	2,162,679.29
09/21/2009 to 09/25/2009	2	General Motors Acceptance Corporation of Canada, Limited - Notes	352,379.12	352,379.12
09/30/2009 to 10/02/2009	25	Geo Minerals Ltd. - Units	305,700.00	3,057,000.00
09/22/2009	9	Global Crossing Ltd. - Notes	2,612,580.59	2,451,000.00
06/25/2009 to 08/21/2009	1	GMO Developed World Equity Investment Fund PLC - Units	280,604.54	11,850.61

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
03/19/2009 to 05/27/2009	1	GMO Developed World Equity Investment Fund PLC - Units	281,717.82	12,881.32
06/12/2009 to 08/06/2009	1	GMO International Core Equity Fund- III - Units	2,121,679.24	76,521.99
06/08/2009 to 08/31/2009	1	GMO International Intrinsic Value Fund - III - Units	236,668.54	11,441.29
06/30/2009 to 07/31/2009	1	GMO International Opportunities Equity Allocation Fund - III - Units	1,934,538.83	146,557.92
09/22/2009	25	Golden Goose Resources Inc. - Common Shares	1,178,599.80	3,367,428.00
08/31/2009	2	Goldman Sachs Capital Growth Fund - Class A - Common Shares	3,664.20	207.00
01/01/2008 to 12/31/2008	1032	GS+A Enhanced Bond Fund - Units	233,818,943.09	N/A
01/01/2008 to 12/31/2008	286	GS+A Short Trust - Units	21,918,786.82	N/A
01/01/2008 to 12/31/2008	512	GS+A Short Trust - Units	117,404,768.95	N/A
01/01/2008 to 12/31/2008	523	GS+A Top 15 Fund - Units	63,755,915.45	N/A
01/01/2008 to 12/31/2008	108	GS+A U.S. Equity Fund - Units	16,761,958.11	N/A
09/22/2009	144	Hawk Exploration Ltd. - Receipts	13,000,000.65	12,380,953.00
10/20/2009 to 10/22/2009	57	Heart Force Medical Inc. - Common Shares	4,416,402.20	6,309,146.00
09/30/2009	3	Highbank Resources Ltd. - Common Shares	180,000.00	4,500,000.00
09/23/2009	1	Huntington Bancshares Incorporated - Common Shares	11,225,000.00	2,500,000.00
09/29/2009 to 10/06/2009	14	IGW Real Estate Investment Trust - Trust Units	346,911.28	353,729.52
09/30/2009	222	ImmunoVaccine Technologies Inc. - Common Shares	8,269,109.10	11,813,013.00
08/26/2009	1	Industrial Select SectorSPDR - Common Shares	82,825.29	3,000.00
10/14/2009	2	Intelsat Jackson Holdings, Ltd. - Notes	7,144,315.30	0.00
10/22/2009	25	Intertainment Media Inc. - Debentures	2,283,147.84	15,617,987.65
09/25/2009	60	Investicare Seniors Housing Corp. - Investment Trust Interests	2,615,000.00	N/A
08/19/2009	1	iShares 20+ Year Tresindex FD - Common Shares	124,958.59	1,200.00
08/12/2009	1	iShares Cdn S&P/TSX 60 Index Fund - Common Shares	20,294.25	1,152.00
08/21/2009	1	iShares DJ U.S. Real Estate - Common Shares	17,619,840.00	400,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
08/31/2009	1	iShares Russell 2000 - Common Shares	31,291.08	500.00
08/06/2009	1	iShares Silver Trust - Common Shares	128,980.51	8,100.00
09/15/2009 to 09/21/2009	101	Jaguar Mining Inc. - Notes	177,589,500.00	N/A
09/21/2009	5	Jiminex Inc. - Common Shares	165,000.00	250,000.00
10/15/2009	5	JOG Limited Partnership No. IV - Units	10,402,975.50	5,623,230.00
09/29/2009	7	Journey Resources Corp. - Common Shares	381,003.75	7,620,075.00
09/24/2009	24	Kilo Goldmines Ltd. - Units	10,012,500.00	22,250,000.00
09/16/2009	124	Kiska Metals Corporation - Units	4,950,000.00	9,000,000.00
09/28/2009 to 10/01/2009	69	Lateegra Gold Corp. - Units	983,575.00	2,193,071.00
09/25/2009	16	Loncor Resources Inc. - Common Shares	1,284,000.00	1,074,200.00
10/16/2009	1	Lumigene Technologies Inc. - Preferred Shares	30,000.00	120,000.00
09/25/2009	1	Magenta Investment Corporation - Common Shares	50,000.00	N/A
10/01/2009	56	Mainstream Minerals Corporation - Units	750,000.00	N/A
10/08/2009	9	Manitou Gold Inc. - Common Shares	95,000.00	950,000.00
08/07/2009	1	Market Vectors - CoalETF - Common Shares	63,188.03	2,000.00
09/18/2009	11	McConachie Development Investment Corporation - Units	155,200.00	15,520.00
09/18/2009	16	McConachie Development Limited Partnership - Units	1,495,200.00	149,520.00
10/01/2009	1	Mega Precious Metals Inc. - Common Shares	114,000.00	200,000.00
10/01/2009	1	Mega Precious Metals Inc. - Common Shares	114,000.00	200,000.00
10/13/2009	12	Messina Minerals Inc. - Common Shares	210,600.00	1,403,333.00
10/02/2009	47	Metals Creek Resources Corp. - Flow-Through Shares	3,115,560.00	N/A
10/05/2009	93	Mexivada Mining Corp. - Units	405,625.96	5,408,333.00
08/24/2009	22	Midas Gold Inc. - Common Shares	845,395.40	3,935,000.00
08/03/2009 to 08/07/2009	2	MIDCAP SPDR Trust Series 1 - Common Shares	23,871,305.45	186,400.00
09/30/2009	2	Mill City Gold Corp. - Common Shares	40,000.00	250,000.00
09/21/2009	5	MPH Ventures Corp. - Common Shares	112,500.00	1,500,000.00
09/18/2009	1	MTI Global Inc. - Common Shares	0.00	2,600,000.00
09/25/2009 to 10/05/2009	14	Nemaska Exploration Inc. - Common Shares	430,000.00	4,300,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
09/24/2009	4	Nevaro Capital Corporation - Units	355,290.04	2,960,750.00
10/01/2009	3	New Haven Mortgage Income Fund (1) Inc. - Special Shares	275,000.00	N/A
10/01/2009	1	New Solutions Financial (II) Corporation - Debentures	425,000.00	1.00
09/30/2009	2	NewPage Corporation - Notes	2,262,953.70	1.00
09/24/2009	1	Newport Canadian Equity Fund - Units	2,400.00	20.73
09/18/2009 to 09/25/2009	20	Newport Fixed Income Fund - Units	1,439,576.93	13,508.09
09/28/2009 to 10/05/2009	11	Newport Fixed Income Fund - Units	156,615.00	1,459.68
09/21/2009	4	Newport Global Equity Fund - Units	98,000.00	1,666.20
09/12/2009 to 09/25/2009	25	Newport Yield Fund - Units	1,005,060.52	9,425.98
09/29/2009 to 10/07/2009	16	Newport Yield Fund - Units	2,228,450.00	20,780.37
10/06/2009	4	Nomura Holdings, Inc. - Common Shares	24,584,926.90	3,634,200.00
09/30/2009	82	NWM Mining Corporation - Units	2,880,720.00	N/A
09/24/2009	238901	Oil India Limited - Common Shares	616,020,080.78	26,449,982.00
05/15/2009 to 08/27/2009	29	Oneworld Energy Inc. - Warrants	5,212,693.90	N/A
09/15/2009	4	Paladin Energy Ltd. - Common Shares	1,677,000.00	390,000.00
09/29/2009	74	Parex Resources Inc. - Receipts	20,010,000.00	N/A
09/29/2009	1	Peak Sport Products Co; Limited - Common Shares	12,628,000.00	22,000,000.00
09/23/2009 to 09/29/2009	2	Pembrook Mining Corp. - Common Shares	1,740,000.60	966,667.00
10/15/2009	167	Petro Uno Resources Ltd. - Units	3,535,105.00	10,100,300.00
10/01/2009	2	Pier 21 Worldwide Equity Pool - Units	55,600,587.26	N/A
10/07/2009	1	Platinum Australia Limited - Common Shares	456,840.00	600,000.00
09/29/2009	1	Post Properties Inc. - Common Shares	964,800.00	3,500,000.00
08/10/2009 to 08/20/2009	2	Powershares QQQ Nasdaq 100 - Common Shares	2,946,175.14	67,900.00
09/30/2009	2	QIAGEN N.V. - Common Shares	4,125,120.62	27,500,000.00
10/10/2009	2	RailAmerica, Inc. - Common Shares	6,233,400.00	25,300,000.00
10/08/2009	3	Rainy River Resources Ltd. - Common Shares	180,000.00	80,000.00
10/05/2009	2	ReneSola Ltd. - Common Shares	2,180,250.00	425,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
10/06/2009	3	Ruperstris Mines Inc. - Common Shares	52,000.00	208,000.00
10/06/2009	22	Ruperstris Mines Inc. - Flow-Through Shares	323,500.00	1,078,333.00
07/15/2009 to 10/02/2009	87	Sagres Energy Inc. - Common Shares	2,778,000.02	15,356,667.00
05/28/2009 to 06/02/2009	1	Sanfield Limited Partnership - Limited Partnership Units	55,300,000.00	N/A
09/30/2009	1	Select Medical Holdings Corporation - Common Shares	1,608,000.00	150,000.00
09/30/2009	14	Shanda Games Limited - American Depository Shares	24,120,000.00	1,800,000.00
10/13/2009	44	Shore Gold Inc. - Common Shares	15,015,000.00	24,300,000.00
10/13/2009	141	Shore Gold Inc. - Flow-Through Shares	12,500,000.00	N/A
09/25/2009	6	Sierra Minerals Inc. - Units	2,000,000.00	N/A
09/24/2009	2	Sigma Pharmaceuticals Limited - Common Shares	27,563.52	28,712.00
09/14/2009	24	Silvermex Resources Ltd. - Units	442,680.00	2,604,000.00
09/28/2009	23	Skygold Ventures Ltd. - Units	2,100,000.00	13,000,000.00
09/15/2009 to 09/23/2009	61	Skyline Apartment Real Estate Investment Trust - Units	3,278,700.42	298,063.67
10/09/2009	2	Solutia Inc. - Notes	3,127,200.00	N/A
08/12/2009 to 08/26/2009	3	SPDR S&P HomehildersETF - Common Shares	1,888,648.26	112,600.00
08/04/2009 to 08/31/2009	4	SPDR S&P Retail ETF - Common Shares	5,668,534.23	165,900.00
08/26/2009	1	SPDR S&P Semiconductor - Common Shares	86,304.38	2,000.00
09/01/2009 to 09/04/2009	2	Stormhold Energy Ltd. - Common Shares	105,000.00	1,050,000.00
10/14/2009	47	Superior Mining International Corporation - Common Shares	720,000.00	6,000,000.00
03/09/2009 to 08/25/2009	6	S&P Depository Receipts TR Unit - Common Shares	132,689,987.45	1,207,283.00
09/24/2009	9	The Bank of Nova Scotia - Common Shares	12,930,317.60	269,944.00
10/02/2009	34	Touchdown Capital Inc. - Units	500,000.00	4,440,000.00
10/06/2009	2	TransDigm Inc. - Notes	1,801,774.75	1.00
10/07/2009	2	UAL Corporation - Notes	1,592,850.00	N/A
09/22/2009	1	UBS AG, Jersey Branch - Notes	2,173,100.00	2,000.00
09/28/2009	7	UBS AG, London Branch - Certificate	688,748.94	762.00
09/25/2009	2	Ursa Major Minerals Incorporated - Units	300,000.00	3,000,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price ($)	# of Securities Distributed
09/30/2009	5	Value Partners Investments Inc. - Common Shares	88,850.00	16,303.00
10/02/2009	1	Venoco, Inc. - Notes	162,675,000.00	171,182.78
10/09/2009	3	Verisk Analytics, Inc. - Common Shares	5,961,800.00	260,000.00
10/02/2009	7	Viva Source Corp. - Warrants	169,500.00	N/A
09/14/2009	20	Volcanic Capital Corp. - Common Shares	448,500.00	2,000,000.00
10/20/2009	1	Wallbridge Mining Company Limited - Common Shares	500,000.00	750,000.00
09/22/2009	261	Walton AZ Monte Verde Investment Corporation - Common Shares	4,616,980.00	461,698.00
09/22/2009	252	Walton AZ Monte Verde Limited Partnership - Units	13,041,681.15	1,224,571.00
10/06/2009	1	Wellington West Holdings Inc. - Debentures	500,000.00	500.00
10/20/2009	1	Wimberly Apartments Limited Partnership - Limited Partnership Interest	27,500.00	37,504.00
09/29/2009	1	Windstream Corporation - Notes	2,174,200.00	2,174,200.00
10/08/2009	3	Yingde Gases Group Company Limited - Common Shares	961,108.05	1,000,000.00
10/09/2009	3	Zhongpin Inc. - Common Shares	3,245,773.00	235,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Ananda Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated October 22, 2009
NP 11-202 Receipt dated October 23, 2009
Offering Price and Description:
$240,000.00 -1,200,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Ionic Capital Corp.
Project #1488560

Issuer Name:
Anatolia Minerals Development Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 21, 2009
NP 11-202 Receipt dated October 21, 2009
Offering Price and Description:
$49,000,000.00 - 20,000,000 Common Shares Price: $2.45 per Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Wellington West Capital Markets Inc.
National Bank Financial Inc.
Paradigm Capital Inc.
Dundee Securities Corporation
Haywood Securities Inc.
Raymond James Ltd.
Promoter(s):
-
Project #1487718

Issuer Name:
Bear Creek Mining Corporation
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated October 21, 2009
NP 11-202 Receipt dated October 21, 2009
Offering Price and Description:
$40,004,000.00 - 10,960,000 Common Shares Price: $3.65 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Haywood Securities Inc.
Paradigm Capital Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Cormark Securities Inc.
Promoter(s):
-
Project #1487212

Issuer Name:
BNK Petroleum Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 26, 2009
NP 11-202 Receipt dated October 26, 2009
Offering Price and Description:
$20,000,000.00 - 16,000,000 Common Shares Price $1.25 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Genuity Capital Markets
Macquarie Capital Markets Canada Ltd.
Promoter(s):
-
Project #1489055

Issuer Name:
Brompton Advantaged Oil & Gas Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 21, 2009
NP 11-202 Receipt dated October 22, 2009
Offering Price and Description:
Warrants to Subscribe for up to * Units at a Subscription Price of $ * per Unit
Underwriter(s) or Distributor(s):
-
Promoter(s):
Brompton Funds Management Limited
Project #1487953

Issuer Name:
Brompton Advantaged VIP Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 21, 2009
NP 11-202 Receipt dated October 22, 2009
Offering Price and Description:
Warrants to Subscribe for up to * Units at a Subscription Price of $ *
Underwriter(s) or Distributor(s):
-
Promoter(s):
Brompton Funds Management Limited
Project #1487954

Issuer Name:
Brompton Oil & Gas Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 21, 2009
NP 11-202 Receipt dated October 22, 2009
Offering Price and Description:
Warrants to Subscribe for up to * Units at a Subscription Price of $ *
Underwriter(s) or Distributor(s):
-
Promoter(s):
Brompton Funds Management Limited
Project #1487955

Issuer Name:
Brompton VIP Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 21, 2009
NP 11-202 Receipt dated October 22, 2009
Offering Price and Description:
Warrants to Subscribe for up to * Units at a Subscription Price of $ * per Unit
Underwriter(s) or Distributor(s):
-
Promoter(s):
Brompton Funds Management Limited
Project #1487956

Issuer Name:
Brookfield Infrastructure Partners L.P.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 21, 2009
NP 11-202 Receipt dated October 22, 2009
Offering Price and Description:
$ * - * Limited Partnership Units Price: $ * per LP Unit
Underwriter(s) or Distributor(s):
Credit Suisse Securities (Canada) Inc.
RBC Dominion Securities Inc.
Citigroup Global Markets Canada Inc.
HSBC Securities (Canada) Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
National Bank Financial Inc.
Brookfield Financial Corp.
Canaccord Capital Corporation
Macquarie Capital Markets Canada Ltd.
Raymond James Ltd.
Promoter(s):
-
Project #1487737

Issuer Name:
Cominar Real Estate Investment Trust
Principal Regulator - Quebec
Type and Date:
Preliminary Base Shelf Prospectus dated October 22, 2009
NP 11-202 Receipt dated October 23, 2009
Offering Price and Description:
$200,000,000.00 - Units Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1488321

Issuer Name:
Claymore Broad Commodity ETF
Claymore China ETF
Claymore Inverse Natural Gas Commodity ETF
Claymore Long-Term Natural Gas Commodity ETF
Claymore Managed Futures ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated October 23, 2009
NP 11-202 Receipt dated October 26, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Claymore Investments, Inc.
Promoter(s):
-
Project #1488789

Issuer Name:
Detour Gold Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 27, 2009
NP 11-202 Receipt dated October 27, 2009
Offering Price and Description:
$250,016,250.00 - 17,545,000 Common Shares Price: $14.25 per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Canaccord Capital Corporation
Macquarie Capital Markets Canada Inc.
Paradigm Capital Inc.
Raymond James Ltd.
Fraser Mackenzie Limited
Haywood Securities Inc.
Laurentian Bank Securities Inc.
Sandfire Securities Inc.
Thomas Weisel Partner Canada Inc.
Wellington West Capital Markets Inc.
Promoter(s):
-
Project #1489514

Issuer Name:
Dynex Power Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated October 26, 2009
NP 11-202 Receipt dated October 26, 2009
Offering Price and Description:
Rights to Subscribe for up to * Common Shares
Subscription Price: $ * per Common Share
(upon the exercise of * Rights)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1488803

Issuer Name:
Eagle Rock Exploration Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 21, 2009
NP 11-202 Receipt dated October 21, 2009
Offering Price and Description:
Price $0.15 per Subscription Receipt $47,400,000 - 316,000,000 Subscription Receipts
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Peters & Co; Limited
FirstEnergy Capital Corp.
Paradigm Capital Inc.
Cormark Securities Inc.
GMP Securities L.P.
Promoter(s):
-
Project #1487861

Issuer Name:
Ember Resources Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 27, 2009
NP 11-202 Receipt dated
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
FirstEnergy Capital Corp.
GMP Securities L.P.
Peters & Co. Limited
Promoter(s):
-
Project #1489531

Issuer Name:
FIRSTSERVICE CORPORATION
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 27, 2009
NP 11-202 Receipt dated October 27, 2009
Offering Price and Description:
US$70,000,000.00 - 6.50% Convertible Unsecured Subordinated Debentures Price: $1,000.00 per Debenture
Underwriter(s) or Distributor(s):
TD Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
RBC Dominion Securities Inc.
Raymond James Ltd.
PI Financial Corp.
Promoter(s):
-
Project #1489358

Issuer Name:
Great Panther Resources Limited
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated October 23, 2009
NP 11-202 Receipt dated October 26, 2009
Offering Price and Description:
$10,000,000.00 - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
Salman Partners Inc.
Dundee Securities Corporation
Fraser Mackenzie Limited
Promoter(s):
-
Project #1488725

Issuer Name:
GuestLogix Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 26, 2009
NP 11-202 Receipt dated October 27, 2009
Offering Price and Description:
$7,200,000.00 - 6,000,000 COMMON SHARES Price: $1.20 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Paradigm Capital Inc.
Northern Securities Inc.
Versant Partners Inc.
Promoter(s):
-
Project #1489213

Issuer Name:
Open Range Energy Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 26, 2009
NP 11-202 Receipt dated October 26, 2009
Offering Price and Description:
$65,012,500.00 - 31,350,000 Common Shares Issuable upon Exercise of 31,350,000 Subscription Receipts
3,050,000 Common Shares Issuable upon Exercise of 3,050,000 Flow-Through Special Warrants
Price: $1.85 per Subscription Receipt and $2.30 per Flow-Through Special Warrants
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
FirstEnegy Capital Corp.
National Bank Financial Inc.
Canaccord Capital Corporation
Raymond James Ltd.
Dundee Securities Corporation
GMP Securities L.P.
Promoter(s):
-
Project #1489130

Issuer Name:
Premium Brands Holdings Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated October 26, 2009
NP 11-202 Receipt dated October 26, 2009
Offering Price and Description:
$35,000,000.00 - 7% Convertible Unsecured Subordinated Debentures Price: $1,000.00 per Debenture
Underwriter(s) or Distributor(s):
TD Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Clarus Securities Inc.
Promoter(s):
-
Project #1489118

Issuer Name:
Paramount Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 21, 2009
NP 11-202 Receipt dated October 21, 2009
Offering Price and Description:
$67,500,000.00 - 4,500,000 Class A Common Shares
$15.00 per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Peters & Co. Limited
RBC Dominion Securities Inc.
Scotia Capital Inc.
Thomas Weisel Partners Canada Inc.
Cormark Securities Inc.
FirstEnergy Capital Corp.
GMP Securities L.P.
Canaccord Capital Corporation
Promoter(s):
-
Project #1487848

Issuer Name:
Standard Life Aggressive Portfolio Class
Standard Life Canadian Bond Class
Standard Life Canadian Dividend Growth Class
Standard Life Canadian Equity Class
Standard Life Canadian Small Cap Class
Standard Life Conservative Portfolio Class
Standard Life Corporate High Yield Bond Class
Standard Life Dividend Growth & Income Portfolio Class
Standard Life Global Dividend Growth Class
Standard Life Global Equity Class
Standard Life Global Portfolio Class
Standard Life Growth Portfolio Class
Standard Life International Equity Class
Standard Life Moderate Portfolio Class
Standard Life Monthly Income Class
Standard Life Short Term Yield Class
Standard Life U.S. Equity Class
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectuses dated October 19, 2009
NP 11-202 Receipt dated October 23, 2009
Offering Price and Description:
A-Series, E-Series, F-Series, T-Series, Legend Series and O Series 1 Units and A-Series Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
The Standard Life Assurance Company of Canada
SLMF
Project #1488020

Issuer Name:
Trilogy Energy Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 21, 2009
NP 11-202 Receipt dated October 21, 2009
Offering Price and Description:
$86,500,000.00 - 10,000,000 Trust Units Price: $8.65 per Trust Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
GMP Securities L.P.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Thomas Weisel Partners Canada Inc.
Peters & Co. Limited
FirstEnergy Capital Corp.
Promoter(s):
-
Project #1487829

Issuer Name:
Urbana Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 21, 2009
NP 11-202 Receipt dated October 21, 2009
Offering Price and Description:
$ * - * Units, each comprised of One Non-Voting Class A Share and one-half of one Series B Non-Voting Class A Share Purchase Warrant Price: $ * per Unit
Underwriter(s) or Distributor(s):
Blackmont Capital Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
HSBS Securities (Canada) Inc.
Raymond James Ltd.
Scotia Capital Inc.
TD Securities Inc.
Cormark Securities Inc.
Canaccord Capital Corp.
GMP Securities L.P.
Promoter(s):
-
Project #1487721

Issuer Name:
Urbana Corporation
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated October 22, 2009
NP 11-202 Receipt dated October 23, 2009
Offering Price and Description:
$ * - * Units, each comprised of One Non-Voting Class A Share and one-half of one Series B Non-Voting Class A Share Purchase Warrant Price: $1.90 per Unit
Underwriter(s) or Distributor(s):
Blackmont Capital Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
HSBS Securities (Canada) Inc.
Raymond James Ltd.
Scotia Capital Inc.
TD Securities Inc.
Cormark Securities Inc.
Canaccord Capital Corp.
GMP Securities L.P.
Promoter(s):
-
Project #1487721

Issuer Name:
Vast Exploration Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 23, 2009
NP 11-202 Receipt dated October 23, 2009
Offering Price and Description:
$15,000,000 - 20,000,000 Common Shares issuable on exercise of Outstanding Special Warrants Price: $0.75 per Special Warrant
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
GMP Securities L.P.
Haywood Securities Inc.
Genuity Capital Markets
Promoter(s):
-
Project #1488554

Issuer Name:
Air Canada
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated October 21, 2009
NP 11-202 Receipt dated October 21, 2009
Offering Price and Description:
$260,010,000.00 - 160,500,000 Units Price: $1.62 per Unit
Underwriter(s) or Distributor(s):
Genuity Capital Markets G.P.
TD Securities Inc.
National Bank Financial Inc.
GMP Securities L.P.
Raymond James Ltd.
Salman Partners Inc.
Promoter(s):
-
Project #1484667

Issuer Name:
Arcan Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 22, 2009
NP 11-202 Receipt dated October 22, 2009
Offering Price and Description:
$11,250,000.00 - 9,000,000 Common Shares Price: $1.25 Per Offered Share
Underwriter(s) or Distributor(s):
Wellington West Capital Markets Inc.
FirstEnergy Capital Corp.
Haywood Securities Inc.
Paradigm Capital Inc.
PI Financial Corp.
Promoter(s):
-
Project #1486030

Issuer Name:
BMO Guardian Monthly High Income Fund
(Mutual Fund Units, Classic Units, F Class Units, T5 Class Units and T8 Class Units)
BMO Guardian Monthly High Income Fund II
(Mutual Fund Units, F Class Units, I Class Units, T5 Class Units and T8 Class Units)
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated October 19, 2009 to the Simplified Prospectuses and Annual Information Forms dated July 8, 2009
NP 11-202 Receipt dated October 21, 2009
Offering Price and Description:
Mutual Fund Units, Class Units, F Class Units, I Class Units, T5 Class Units and T8 Class Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Guardian Group of Funds Ltd.
Jones Heward Investment Management Inc.
Promoter(s):
-
Project #1433556

Issuer Name:
Central Alberta Well Services Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 20, 2009
NP 11-202 Receipt dated October 21, 2009
Offering Price and Description:
$33,000,000.00 - Offering of Rights to Subscribe for Common Shares at a Price of $0.25 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1481263

Issuer Name:
COUNSEL CONSERVATIVE PORTFOLIO (Series A, D, E, F and I units)
COUNSEL REGULAR PAY PORTFOLIO (Series A, D, E, F and I units)
COUNSEL BALANCED PORTFOLIO (Series A, D, E, F and I units)
COUNSEL GROWTH PORTFOLIO (Series A, D, E, F and I units)
COUNSEL ALL EQUITY PORTFOLIO (Series A, D, E, F and I units)
COUNSEL MONEY MARKET (Series A, C and I units)
COUNSEL FIXED INCOME (Series A, D and I units)
COUNSEL CANADIAN DIVIDEND (Series A, D, E, F, I and P units)
COUNSEL CANADIAN VALUE (Series A, D, E, F, I and P units)
COUNSEL CANADIAN GROWTH (Series A, D, E, F, I and P units)
COUNSEL U.S. VALUE (Series A, D, E, F, I and P units)
COUNSEL U.S. GROWTH (Series A, D, E, F, I and P units)
COUNSEL INTERNATIONAL VALUE (Series A, D, E, F, I and P units)
COUNSEL INTERNATIONAL GROWTH (Series A, D, E, F, I and P units)
COUNSEL GLOBAL REAL ESTATE (Series A, D, E, F, I and P units)
COUNSEL GLOBAL SMALL CAP (Series A, D, I and P units)
COUNSEL INCOME MANAGED PORTFOLIO (Series A, D, E, F and I units)
COUNSEL MANAGED PORTFOLIO (Series A, D, E, F and I units)
COUNSEL WORLD MANAGED PORTFOLIO (Series A, D, E, F and I units)
COUNSEL SELECT CANADA (Series A, D and I units)
COUNSEL SELECT AMERICA (Series A, D and I units)
COUNSEL SELECT INTERNATIONAL (Series A, D and I units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated October 22, 2009
NP 11-202 Receipt dated October 23, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Counsel Portfolio Services Inc.
Project #1474788

Issuer Name:
Credential Money Market Fund
Credential Select Balanced Portfolio
Credential Select Conservative Portfolio
Credential Select Growth Portfolio
Credential Select High Growth Portfolio
Principal Regulator - Ontario
Type and Date:
Amended and Restated Simplified Prospectuses and Annual Information Forms dated October 9, 2009 amending and restating the Simplified Prospectuses and Annual Information Forms dated June 30, 2009
NP 11-202 Receipt dated October 21, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Credential Asset Management Inc.
Promoter(s):
Northwest & Ethical Investments L.P.
Project #1426136

Issuer Name:
Desco Resources Inc.
Principal Regulator - Alberta
Type and Date:
Final Long Form Prospectus dated October 21, 2009
NP 11-202 Receipt dated October 21, 2009
Offering Price and Description:
$250,000.00 - 1,250,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Richardson Partners Financial Limited
Promoter(s):
Robert J. Dales
Massimo Geremia
Project #1481732

Issuer Name:
EPCOR Power Equity Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 21, 2009
NP 11-202 Receipt dated October 21, 2009
Offering Price and Description:
$100,000,000.00 - 4,000,000 Cumulative Rate Reset Preferred Shares, Series Price: $25.00 per Series 2 Share to yield initially 7.00%
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Promoter(s):
-
Project #1485616

Issuer Name:
HSBC MORTGAGE FUND
(Investor Series, Advisor Series, Premium Series, Manager Series and Institutional Series)
HSBC INDIAN EQUITY FUND
(Investor Series, Advisor Series, Manager Series and Institutional Series)
Principal Regulator - British Columbia
Type and Date:
Amendment #1 dated October 15, 2009 to the Simplified Prospectuses and Annual Information Forms dated December 16, 2008
NP 11-202 Receipt dated October 22, 2009
Offering Price and Description:
Investor Series, Advisor Series, Premium Series, Manager Series and Institutional Series @ Net Asset Value
Underwriter(s) or Distributor(s):
HSBC Investment Funds (Canada) Inc.
Promoter(s):
HSBC Investment Funds (Canada) Inc.
Project #1344172

Issuer Name:
Mavrix Explore 2009 - II FT Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated October 23, 2009
NP 11-202 Receipt dated October 23, 2009
Offering Price and Description:
Limited Partnership Units: Maximum Offering: $25,000,000.00 (2.500,000 Units); Minimum Offering: $2,000,000.00 (200,000 Units) Price per Unit: $10.00 Minimum Subscription: 250 Units
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Canaccord Capital Corporation
Scotia Capital Inc.
Raymond James Ltd.
Blackmont Capital Inc.
Desjardins Securities Inc.
GMP Securities L.P.
M Partners Inc.
Wellington West Capital Markets Inc.
Industrial Alliance Securities Inc.
Queensbury Securities Inc.
Research Capital Corporation
Promoter(s):
Mavrix Explore 2009 - II FT Management Limited
Mavrix Fund Management Inc.
Project #1472768

Issuer Name:
Moly Mines Limited
Principal Regulator - Ontario
Type and Date:
Amended and Restated Short Form Prospectus dated October 20, 2009 amended and restating the Short Form Prospectus dated October 7, 2009
NP 11-202 Receipt dated October 27, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
GMP Securities L.P.
CIBC World Markets Inc.
Promoter(s):
-
Project #1472622

Issuer Name:
Pathway Mining 2009-II Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated October 20, 2009
NP 11-202 Receipt dated October 21, 2009
Offering Price and Description:
$15,000,000.00 (Maximum Offering); $2,500,000.00 (Minimum Offering) - A Maximum of 1,500,000 and a Minimum of 250,000 Limited Partnership Units Minimum Subscription: 250 Limited Partnership Units
Subscription Price: $10.00 per Limited Partnership Unit
Underwriter(s) or Distributor(s):
Wellington West Capital Inc.
HSBC Securities (Canada) Inc.
Burgeonvest Securities Limited
Canaccord Capital Corporation
Raymond James Ltd.
Blackmont Capital Corporation
Dundee Securities Corporation
GMP Securities L.P.
Research Capital Corporation
Integral Wealth Securities Limited
Argosy Securities Inc.
Promoter(s):
Pathway Mining 2009-II Inc.
Project #1468587

Issuer Name:
RBC DS All Equity Global Portfolio
RBC DS Balanced Global Portfolio
RBC DS Canadian Focus Fund
RBC DS Growth Global Portfolio
RBC DS International Focus Fund
RBC DS U.S. Focus Fund (formerly, RBC DS North American Focus Fund)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated October 22, 2009
NP 11-202 Receipt dated October 23, 2009
Offering Price and Description:
Advisor Series, Series F and Series O units
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Promoter(s):
RBC Asset Management Inc.
Project #1478326

Issuer Name:
Rock Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 22, 2009
NP 11-202 Receipt dated October 22, 2009
Offering Price and Description:
$15,225,000.00 - 4,350,000 Common Shares Price: $3.50 per Common Share
Underwriter(s) or Distributor(s):
Wellington West Capital Markets Inc.
FirstEnergy Capital Corp.
National Bank Financial Inc.
Cormark Securities Inc.
Dundee Securities Corporation
Research Capital Corporation
Promoter(s):
-
Project #1486019

Issuer Name:
SinoGas West Inc.
Principal Regulator - Alberta
Type and Date:
Final CPC Prospectus dated October 21, 2009
NP 11-202 Receipt dated October 23, 2009
Offering Price and Description:
Minimum Offering $550,000.00 (5,500,000 Class "A" Common Shares); Maximum Offering $1,000,000.00 (10,000,000 Class "A" Common Shares) PRICE: $0.10 per Class "A" Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
Wise Wong
Project #1474776

Issuer Name:
Verdant Financial Partners I Inc.
Principal Regulator - Ontario
Type and Date:
Amended and Restated Prospectus dated October 16, 2009 amending and restating Prospectus dated July 17, 2009
NP 11-202 Receipt dated October 21, 2009
Offering Price and Description:
MINIMUM OFFERING: $200,000.00 or 1,000,000 Common Shares; MAXIMUM OFFERING: $1,200,000.00 or 6,000,000 Common Shares PRICE: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Blackmont Capital Inc.
Promoter(s):
Paul Maasland
Project #1443970

Issuer Name:
Vermilion Energy Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated October 23, 2009
NP 11-202 Receipt dated October 23, 2009
Offering Price and Description:
$225,013,800.00 -7,282,000 Trust Units Price: $30.90 per Trust Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
National Bank Financial Inc.
FirstEnergy Capital Corp.
Canaccord Capital Corporation
Peters & Co. Limited
Macquarie Capital Markets Canada Ltd.
Genuity Capital Markets
Raymond James Ltd.
Promoter(s):
-
Project #1486505

Issuer Name:
Groppe-Middlefield Energy Fund
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Long Form Prospectus dated May 5, 2009
Closed on October 27, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Blackmont Capital Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Manulife Securities Incorporated
Middlefield Capital Corporation
Raymond James Ltd.
Richardson Partners Financial Limited
GMP Securities L.P.
Haywood Securities Inc.
Research Capital Corporation
Wellington West Capital Markets Inc.
Promoter(s):
Middlefield Group Limited
Middlefield Fund Management Limited
Project #1416015

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: AIG Global Investment Corp. (Canada)/Societe Mondiale de Placement AIG (Canada) To: Pinebridge Investments Canada Inc./Investissements Pinebridge Canada Inc.	Exempt Market Dealer And Portfolio Manager	October 20, 2009
Consent to Suspension	Pendo Capital Inc.	Exempt Market Dealer	October 22, 2009
Name Change	From: Counsel Group of Funds Inc. To: Counsel Portfolio Services Inc.	Portfolio Manager	October 22, 2009

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 MFDA Hearing Panel Makes Findings Against Martin Horvath

NEWS RELEASE
For immediate release

MFDA HEARING PANEL MAKES FINDINGS AGAINST MARTIN HORVATH

October 22, 2009 (Toronto, Ontario) – A disciplinary hearing in the matter of Martin Horvath was held today before a Hearing Panel of the Central Regional Council of the Mutual Fund Dealers Association of Canada ("MFDA") in Toronto, Ontario.

The Hearing Panel found that the allegations set out by MFDA staff in the Notice of Hearing dated June 26, 2009 had been established. The Hearing Panel made the following orders at the conclusion of the hearing and advised that it would issue written reasons for its decision in due course:

- A permanent prohibition on Mr. Horvath from conducting securities-related business in any capacity while in the employ of or associated with any MFDA Member;
- A fine in the amount of $20,000; and
- Costs in the amount of $2,500.

A copy of the Notice of Hearing is available on the MFDA website at www.mfda.ca.

The MFDA is the self-regulatory organization for Canadian mutual fund dealers, regulating the operations, standards of practice and business conduct of its 145 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

For further information, please contact:
Shaun Devlin
Vice-President, Enforcement
416-943-4672 or sdevlin@mfda.ca

13.1.2 MFDA Concludes Proceeding against Barry L. Adams

NEWS RELEASE
For immediate release

MFDA CONCLUDES PROCEEDING AGAINST BARRY L. ADAMS

October 22, 2009 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada ("MFDA") commenced a disciplinary proceeding in respect of Barry L. Adams by Notice of Hearing dated April 6, 2009. MFDA staff alleged in its Notice of Hearing that Mr. Adams engaged in the following conduct contrary to the By-laws, Rules or Policies of the MFDA:

> **Allegation #1:** Between February 16, 2007 and April 30, 2007, the Respondent engaged in securities related business that was not carried on for the account of the Member or through the facilities of the Member by recommending and facilitating investments in a real estate investment product, contrary to MFDA Rules 1.1.1 and 2.1.1.
>
> **Allegation #2:** Between February 16, 2007 and April 30, 2007, the Respondent engaged in outside business activity that was not disclosed to and approved by the Member by recommending and facilitating the purchase of a real estate investment product, contrary to MFDA Rules 1.2.1(d) and 2.1.1.

On July 27, 2009, in a separate proceeding, a panel of the New Brunswick Securities Commission ("NBSC") issued Reasons for Decision regarding its approval of a Settlement Agreement between Mr. Adams and NBSC staff arising from the same transactions in the real estate investment product that are the subject of the MFDA Notice of Hearing against Mr. Adams.

In the Settlement Agreement with NBSC staff, Mr. Adams agreed that he had violated section 45 of the New Brunswick *Securities Act* (the "Act") by referring non-accredited investors to the issuer of the real estate investment product and receiving a commission for the referral of such investors. Mr. Adams also agreed in the Settlement Agreement that he had violated section 179(2) of the Act by making misleading statements to NBSC staff. The NBSC panel ordered that:

> Pursuant to section 184(1)(c) of the Act, Mr. Adams shall be barred from trading in any securities, other than those beneficially owned directly by him, for a period of 10 (ten) years;

Pursuant to section 184(1)(d) of the Act, any exemptions contained in New Brunswick securities law shall not apply to Mr. Adams for a period of 10 (ten) years;

Pursuant to section 186(1) of the Act, Mr. Adams shall pay an administrative penalty in the amount of twenty thousand dollars ($20,000.00).[1]

MFDA staff has reviewed the Reasons for Decision and the penalties imposed by the NBSC against Mr. Adams. MFDA staff is of the view that the order and penalties imposed by the NBSC will protect the public and serve as a specific and general deterrent against such conduct in future. Accordingly, MFDA staff has withdrawn its Notice of Hearing dated April 6, 2009 against Mr. Adams, and the MFDA proceeding against Mr. Adams is concluded.

For further information, please contact:
Hugh Corbett
Director, Litigation
416-943-4685 or hcorbett@mfda.ca

13.1.3 MFDA Staff Applies for Review of Hearing Panel Decision in the Matter of Tony Tung-Yuan Lin

NEWS RELEASE
For immediate release

MFDA STAFF APPLIES FOR REVIEW OF HEARING PANEL DECISION IN THE MATTER OF TONY TUNG-YUAN LIN

October 26, 2009 (Toronto, Ontario) – On September 14, 2009, a Hearing Panel of the Pacific Regional Council of the Mutual Fund Dealers Association of Canada ("MFDA") issued its Decision and Reasons in connection with the disciplinary hearing held in Vancouver, British Columbia in respect of Tony Tung-Yuan Lin. A copy of the Decision and Reasons is available on the MFDA website at www.mfda.ca.

MFDA Staff has applied to the British Columbia Securities Commission for a Hearing and Review of the Decision and Reasons of the MFDA Hearing Panel regarding Mr. Lin, pursuant to sections 27 and 28 of the British Columbia *Securities Act*. A copy of MFDA Staff's request for review is available on the BCSC website at http://www.bcsc.bc.ca/enforcement/Docket.asp?txtFileID=443.

The MFDA is the self-regulatory organization for Canadian mutual fund dealers, regulating the operations, standards of practice and business conduct of its 145 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

For further information, please contact:
Shaun Devlin
Vice-President, Enforcement
416-943-4672 or sdevlin@mfda.ca

[1] Copies of documents relating to the NBSC proceeding can be accessed at http://www.nbsc-cvmnb.ca/nbsc/enforcement_proceedings.jsp#123

13.1.4 MFDA Hearing Panel Accepts Settlement Agreement with Cory Griffiths

NEWS RELEASE
For immediate release

MFDA HEARING PANEL ACCEPTS SETTLEMENT AGREEMENT WITH CORY GRIFFITHS

October 26, 2009 (Toronto, Ontario) – A Settlement Hearing in the matter of Cory E. Griffiths (the "Respondent") was held today before a Hearing Panel of the Prairie Regional Council of the Mutual Fund Dealers Association of Canada (the "MFDA").

The Hearing Panel accepted the Settlement Agreement between the Respondent and MFDA Staff, as a consequence of which the Respondent:

- Has paid a fine in the amount of $1,000; and
- Shall be suspended from acting as a mutual fund salesperson for a period of 2 years effective from October 26, 2009.

The Hearing Panel will issue written reasons for its decision in due course. Copies of the Settlement Agreement and the Hearing Panel's Order are available on the MFDA website at www.mfda.ca.

The MFDA is the self-regulatory organization for Canadian mutual fund dealers, regulating the operations, standards of practice and business conduct of its 145 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

For further information, please contact:
Shaun Devlin
Vice-President, Enforcement
416-943-4672 or sdevlin@mfda.ca

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